

INTRODUCTION TO SECURITIES ARBITRATION IN THE 21st CENTURY

By

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PREFACE

Securities arbitration is the intersection of two of the most significant fields of law in modern practice. First there is securities law, most particularly its strict injunctions against the commission of fraud and deceit in the selling of stocks and bonds to the investing public. Second is arbitration, as a branch of the larger tree of alternative dispute resolution.

The former provides justice to those defrauded in the making of their investments by unscrupulous hucksters, a need keenly felt in these troubled economic times. The latter provides a relatively swift and sure (if somewhat rough) resolution of these matters, in an era where the court system strains to near the breaking point from a lack of budget and resources.

Moreover, securities arbitration often represents a crucial interface between the general public and the justice system, for the reasons aforementioned. Law abiding citizens who would otherwise never see the inside of a courtroom might see a panel of arbitrators, at a time when the very survival of their finances rests in the balance. For these and other reasons, this program's exploration of its metes and bounds is crucial to our continuing legal education.

THE MODERN ERA BEGINS

The watershed event for securities arbitration came in early 1987 with the U.S. Supreme Court's decision in Shearson American Express v. McMahon, 482 U.S. 220 (1987), wherein the high Court decreed that federal law claims of violations of the federal securities law could be lawfully submitted to arbitration, and not be limited to adjudication in the federal courts. The securities industry was clamoring for this result for years, being most desirous of avoiding protracted court battles, instead routing disputes with customers and employees to the more efficient and supposedly friendly confines of arbitration.

But as the saying goes: be careful for what you wish for, you just might get it. That is pretty much what happened here. As customers and employees were funneled to securities arbitration, they realized it was time to transport many of the tools of traditional litigation to the arbitral forum. Simply put, both sides “lawyered up,” which is how we arrived at the more sophisticated process of today.

FINRA---MASTER OF THE FORUM

“FINRA” is the Financial Industry Regulatory Authority. It is the successor to the NASD (the National Association of Securities Dealers). It is an “SRO,” a “self-regulatory organization.” Decades ago, Congress explicitly legislated authority for Wall Street to essentially regulate itself, under the watchful eyes of the SEC, the Securities and Exchange Commission.

FINRA Dispute Resolution, precisely as the name implies, is that branch of FINRA that manages all of its arbitration and mediation programs. About a decade ago, the New York Stock Exchange abandoned its own responsibilities in that area, and merged its arbitration function with that of FINRA.

Thus, today all securities arbitration and mediation is conducted under the auspices of FINRA and its Dispute Resolution arm, subject to SEC oversight, and with input from time to time from Wall Street and various public investor interest groups.

APPLICABLE LAW

By far and away the most potent claim brought in a FINRA arbitration is one for securities fraud, colloquially known as a “10b-5 claim.” It derives its name from Section 10 of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder.

10b-5 is a broad anti-fraud prohibition, prohibiting any fraud, deception or artifice in connection with the buying or selling of any security. It is the law that put Martha Stewart and Raj Rajaratnam behind bars. Likewise, it is the linchpin of claims made by ordinary citizens against brokers and firms that have deceived them in the conduct of their investment accounts.

Regarding brokers and firms, the second of the two is often ensnared by “control person liability,” found at Section 20 of the aforementioned Securities Exchange Act. In essence, it makes the brokerage firm liable of its failure to properly supervise and prevent fraud by its rogue employee/broker.

And while federal securities law plays a key role in securities arbitration, it is by no means the sole basis for claims. Prosaic state law claims, including negligence, breach of agency, and conversion often round out the claims filed.

Finally, FINRA’s own code of conduct provides a further basis for liability. FINRA imposes rules of “commercial honor” upon brokers and firms in dealing with customers. As the

name suggests, this proscription has broad contours. As such, it is rarely omitted when an aggrieved customer brings suit against the Wall Street types.

DRAMATIS PERSONE

The “Claimant” is the person filing the claim, and is thus the analogue to the plaintiff in a civil suit. Claimants can be individuals or businesses, and they can also sue as representatives of their IRAs or pension plans.

The “Respondent” is the defendant, and typically both the individual broker and the firm employing the broker are both named.

The “Panel” is the group of three arbitrators named to the vast majority of cases. Newer rules permit cases to have a single arbitrator. However, the three person panel is by far the norm.

CLASS CLAIMS

Class arbitrations represent one of the more present day areas of controversy. However, FINRA has long ruled that its arbitration process excludes claims by a class, adhering to its view that arbitration is a singular process, and thus delimited its availability to those who purport to sue on behalf of others.

This would seem to be especially prescient, given the Supreme Court’s recent decision disfavoring class claims in arbitration, as announced in AT&T Mobility LLC v. Concepcion, ___ U.S. ___ (April 27, 2011), available at the Cornell law school website www.law.cornell.edu/supct.

OTHER TOPICS OF INTEREST

Securities arbitration also brings into play several other unique aspects. They include, but are not limited to: selection of the arbitrators, discovery, the rendering of awards by the arbitrators, and grounds for overturning the arbitrators’ award.

However, this is just the introduction. The remainder of our program shall deal with these and other important issues.

SELECTED BIBLIOGRAPHY

Federal Securities Law

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Cited by "Katsoris, "The Resolution of Securities Disputes," 6 Fordham Journal of Corporate & Financial Law 307 (2001).

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Cited by Scarpino, "Mandatory Arbitration of Consumer Disputes: A Proposal to Ease the Burden on Low-Income Consumers," 10 American University Journal of Gender, Social Policy & the Law 679 (2002).

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AMS/dal

Scenario

Tony Techie is 54 years old, single, and works as a teller in a local bank. Tony attended Nassau Community College for one year but did not graduate. In July 2008, Tony inherited \$500,000 from his aunt (the proceeds of a settlement she received a year before her death from a lawsuit involving an auto accident). Tony has a sister, who did not inherit from the Aunt because (in her words) “your husband would only waste the money on bad investments and harebrained schemes”. Tony’s brother-in-law fancies himself to be an entrepreneur and a knowledgeable investor. Prior to inheriting from his Aunt, Tony dabbled in the stock market from 1999-2001 by investing in many new technology stocks. When the Tech Boom ended in a major crash Tony lost his life savings of \$50,000. He subsequently commenced arbitration against his Broker claiming that the investments were unsuitable and over concentrated in the Tech Sector. The arbitration was held at the NASD (now FINRA) and resulted in a dismissal of all claims with an order that the Broker’s record be expunged. Since that time, Tony has been trying to build up his savings and confines his investments to CDs.

At the suggestion of his brother-in-law, Tony visited the Garden City office of U Trade & Lose to meet with a broker—John Cherner, who Tony’s brother-in-law refers to as someone who knows when to take risk. Cherner has been working as a broker for 10 years. He has 3 Sales Practice complaints, including one that ended in arbitration. The two complaints were denied by the Brokerage Firm and the clients took no further action. The arbitration ended in an award against Cherner and the firm, jointly and severally, in the sum of \$95,000 plus attorney’s fees and costs. An investigation by the Enforcement Section of the NASD after the Award was rendered did not result in any disciplinary action.

At the first meeting, Cherner asked Tony a number of questions related to his age, occupation, education, prior trading history, income and goals. According to Tony, he told Cherner that he earned \$58,000 per year, had a 401(k) plan in the amount of \$59,000 invested in CDs. Tony also said that he told Cherner that he wanted safe investments with some income as this was all the money he had for retirement. Cherner, on the other hand, states that Tony told him that he wanted to “grow my investments quickly and get some income as ‘to boot’”. Cherner also claims that Tony told him that he would “run” the suggested investments by his brother-in-law. Cherner completed the “New Account” Form listing Tony as an aggressive investor. The New Account form was not signed by Tony but he did sign an Account Agreement which contained an arbitration clause.

Cherner suggested investments in small cap growth stocks, stocks from companies in emerging market countries, REITS, and high yield corporate debt. Cherner also suggested that the investment in the small cap sector be in individual stocks that would be traded often to take advantage of gains. Since Tony wanted to enjoy some of the inheritance to buy a BMW, visit Europe and buy a boat, he traded on margin. Over the course of a year, Tony’s portfolio declined 80%. As the year progressed and the markets declined, Tony had to sell stocks to meet margin calls. Though Tony received his monthly statements, he never complained to Cherner about the performance of the account. Finally, Tony closed his account putting his remaining funds in CDs. He also sold his boat and car. Tony retained counsel to “sue” Cherner and the Firm. Since Tony lost his last arbitration, he insisted that his attorneys bring suit in New York State Supreme Court against the Firm and Cherner. Upon commencement of the action, the defendants filed a motion seeking to stay the action because of a valid arbitration agreement.

SCHEDULE B
Form 1040A or 1040)

Interest and Ordinary Dividends

OMB No. 1545-0074

2010

Attachment Sequence No. **08**

Department of the Treasury
Internal Revenue Service (99)

▶ Attach to Form 1040A or 1040.

▶ See instructions on back.

Name(s) shown on return

Your social security number

Part I
Interest

1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see instructions on back and list this interest first. Also, show that buyer's social security number and address ▶

RBC BANK

BB&T

MACON BANK

DEPT. OF THE TREASURY

FIRST CITIZENS BANK & TRUST

WELLS FARGO (US INT)

MET LIFE BANK

WACHOVIA BANK

ALLIANCE CAPITAL MANAGEMENT

Amount

1,620

3,179

2,204

278

1,972

6,125

3,208

1,442

10

See instructions on back and the instructions for Form 1040A, or Form 1040, line 8a.)

Note. If you received a Form 999-INT, Form 999-OID, or substitute statement from brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

2 Add the amounts on line 1

20,038

3 Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815

4 Subtract line 3 from line 2. Enter the result here and on Form 1040A, or Form 1040, line 8a

20,038

Note. If line 4 is over \$1,500, you must complete Part III.

Part II

5 List name of payer ▶

WELLS FARGO

ALLIANCE CAPITAL MANAGEMENT

Amount

74,715

29

Ordinary Dividends

See instructions on back and the instructions for Form 1040A, or Form 1040, line 9a.)

Note. If you received a Form 999-DIV or substitute statement from brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

6 Add the amounts on line 5. Enter the total here and on Form 1040A, or Form 1040, line 9a

74,744

Note. If line 6 is over \$1,500, you must complete Part III.

Part III You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

Foreign Accounts and Trusts

7a At any time during 2010, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account?

Yes No

X

See instructions on back for exceptions and filing requirements for Form TD F 90-22.1

b If "Yes," enter the name of the foreign country ▶

8 During 2010, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See instructions on back

X

For Paperwork Reduction Act Notice, see your tax return instructions.

Schedule B (Form 1040A or 1040) 2010

**SCHEDULE D
Form 1040)**

Department of the Treasury
Internal Revenue Service (99)

Name(s) shown on return

Capital Gains and Losses

▶ Attach to Form 1040 or Form 1040NR. ▶ See Instructions for Schedule D (Form 1040).
▶ Use Schedule D-1 to list additional transactions for lines 1 and 8.

OMB No. 1545-0074

2010

Attachment
Sequence No. **12**

Your social security number

Part I Short-Term Capital Gains and Losses – Assets Held One Year or Less

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-7 of the instructions)	(e) Cost or other basis (see page D-7 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
1					
2	Enter your short-term totals, if any, from Schedule D-1, line 2		2		
3	Total short-term sales price amounts. Add lines 1 and 2 in column (d)		3		
4	Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824				4
5	Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				5
6	Short-term capital loss carryover. Enter the amount, if any, from line 10 of your Capital Loss Carryover Worksheet on page D-7 of the instructions				6
7	Net short-term capital gain or (loss). Combine lines 1 through 6 in column (f)				7

Part II Long-Term Capital Gains and Losses – Assets Held More Than One Year

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-7 of the instructions)	(e) Cost or other basis (see page D-7 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
CUMBERLAND COUNTY	02/16/00	03/01/10	101,000	101,000	
GOLDMAN SACHS GROUP	04/01/09	04/21/10	16,019	10,424	5,595
MOODYS CORP	01/01/73	05/12/10	49,647	1,684	47,963
HIGH POINT N.C.	06/06/00	06/01/10	101,500	100,159	1,341
8	Enter your long-term totals, if any, from Schedule D-1, line 9		9	246,512	11,616
9	Total long-term sales price amounts. Add lines 8 and 9 in column (d)		10	514,678	
11	Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824				11
12	Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				12
13	Capital gain distributions. See page D-2 of the instructions				13
14	Long-term capital loss carryover. Enter the amount, if any, from line 15 of your Capital Loss Carryover Worksheet on page D-7 of the instructions				14
15	Net long-term capital gain or (loss). Combine lines 8 through 14 in column (f). Then go to Part III on the back				15

Paperwork Reduction Act Notice, see your tax return instructions.

Schedule D (Form 1040) 2010

Part III Summary

<p>6 Combine lines 7 and 15 and enter the result</p> <ul style="list-style-type: none"> • If line 16 is a gain, enter the amount from line 16 on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 17 below. • If line 16 is a loss, skip lines 17 through 20 below. Then go to line 21. Also be sure to complete line 22. • If line 16 is zero, skip lines 17 through 21 below and enter -0- on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 22. 	16	66,552
<p>7 Are lines 15 and 16 both gains?</p> <p><input checked="" type="checkbox"/> Yes. Go to line 18.</p> <p><input type="checkbox"/> No. Skip lines 18 through 21, and go to line 22.</p>		
<p>8 Enter the amount, if any, from line 7 of the 28% Rate Gain Worksheet on page D-8 of the instructions</p>	▶ 18	
<p>9 Enter the amount, if any, from line 18 of the Unrecaptured Section 1250 Gain Worksheet on page D-9 of the instructions</p>	▶ 19	
<p>10 Are lines 18 and 19 both zero or blank?</p> <p><input checked="" type="checkbox"/> Yes. Complete Form 1040 through line 43, or Form 1040NR through line 41. Then complete the Qualified Dividends and Capital Gain Tax Worksheet in the Instructions for Form 1040, line 44 (or in the Instructions for Form 1040NR, line 42). Do not complete lines 21 and 22 below.</p> <p><input type="checkbox"/> No. Complete Form 1040 through line 43, or Form 1040NR through line 41. Then complete the Schedule D Tax Worksheet on page D-10 of the instructions. Do not complete lines 21 and 22 below.</p>		
<p>11 If line 16 is a loss, enter here and on Form 1040, line 13, or Form 1040NR, line 14, the smaller of:</p> <ul style="list-style-type: none"> • The loss on line 16 or • (\$3,000), or if married filing separately, (\$1,500)] <p>Note. When figuring which amount is smaller, treat both amounts as positive numbers.</p>	21	
<p>2 Do you have qualified dividends on Form 1040, line 9b, or Form 1040NR, line 10b?</p> <p><input type="checkbox"/> Yes. Complete Form 1040 through line 43, or Form 1040NR through line 41. Then complete the Qualified Dividends and Capital Gain Tax Worksheet in the Instructions for Form 1040, line 44 (or in the Instructions for Form 1040NR, line 42).</p> <p><input type="checkbox"/> No. Complete the rest of Form 1040 or Form 1040NR.</p>		

Name(s) shown on return. Do not enter name and social security number if shown on other side.

Your social security number

Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-7 of the instructions)	(e) Cost or other basis (see page D-7 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
NOKIA CORP	08/30/01	06/16/10	8,812	16,765	-7,953
FRONTEIR COMMUNICATIONS	11/14/91	08/04/10	1,087	934	153
NORTH CAROLINA MED	09/25/01	10/01/10	50,000	50,000	
WICHITA KANSAS	08/07/06	10/01/10	101,000	100,997	3
VARIAN SEMI-CONDUCTOR	10/24/08	11/16/10	46,873	27,524	19,349
ABBOTT LABORATORIES	05/31/06	12/17/10	4,818	4,255	563
ABBOTT LABORATORIES	12/31/04	12/17/10	14,454	13,998	456
PROCTOR AND GAMBLE	09/26/08	12/17/10	19,458	20,423	-965
DWS INTERNATIONAL FUND	Various	11/02/10	10		10
Totals. Add the amounts in column (d). Also, combine the amounts in column (f). Enter here and on Schedule D, line 9			246,512		11,616

AGREEMENT TO ARBITRATE CONTROVERSIES

This Agreement contains a pre-dispute arbitration clause. By signing an arbitration agreement the parties agree as follows:

- All parties to this Agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.
- Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
- The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
- The arbitrators do not have to explain the reason(s) for their award unless, in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least 20 days prior to the first scheduled hearing date.
- The panel of arbitrators may include a minority of arbitrators who were or are affiliated with the securities industry.
- The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.
- The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.

You agree that all controversies that may arise between us shall be determined by arbitration. Such controversies include, but are not limited to, those involving any transaction in any of your accounts with Bull & Bear, or the construction, performance or breach of any agreement between us, whether entered into or occurring prior, on or subsequent to the date hereof.

Any arbitration pursuant to this provision shall be conducted only before the Financial Industry Regulatory Authority Inc. ("FINRA") or an arbitration facility provided by any other exchange of which Bull & Bear is a member, and in accordance with the respective arbitration rules then in effect at FINRA or such other exchange.

You may elect in the first instance whether arbitration shall be conducted before FINRA or another exchange of which Bull & Bear is a member, but if you fail to make such election by registered letter addressed to Bull & Bear at the office where you maintain your account before the expiration of five (5) days after receipt of a written request from Bull & Bear to make such election, then Bull & Bear may make such election.

Judgment upon the award of the arbitrators may be entered in any court, state or federal, having jurisdiction.

No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; or (ii) the class is decertified; or (iii) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this Agreement except to the extent stated herein.

Account Title Tony Techie

Retail Account Profile
Single/Joint/Custodial (KDA)

New Account # _____

Financial Advisor #
John Cherner

Social Security # _____
- OR -
Tax ID # _____

Beyond Banking _____

Transferred From Account # _____

Enhanced Due Diligence

See p. 7 for instructions and definitions
Attach all forms to this Profile Form

Is client?

- Non-US Citizen Walk-In / Call-In
- Beneficial Owner who is a Non-US citizen with accounts in aggregate that are greater than US \$1 million in value
- Citizen of, resides in, has a mailing address in or maintains tax residency in a Non-Cooperative Country and Territory (NCCT) or Sensitive Country
- Engaged in a special concern business
- Senior Foreign Political Figure (SFPF), family or close associate

Then fill out...
 Retail Enhanced Due Diligence Form, code RETL EDD

Senior Foreign Political Figure (SFPF) Form, code SFPF EDD & OGC approval required prior to obtaining account number

Client does **Not** meet any of the above criteria

Privacy Pledge (SEC Requirement)

Client agreed to receive the Privacy Pledge with the New Account Welcome Package.

Privacy Pledge was delivered to client on.

OC
FA's Initial

Patriot Act

Client has been advised that the information provided herein may be used to verify their identity

OC
FA's Initial

Profile Codes

A Ownership Type

- 01 Single
- 02 JT / WROS
- 03 JT / ATBE
- 04 JT / TIC
- 05 JT / COMM
- 06 UGMA
- 07 UTMA
- 08 Trust - Living
- 09 Trust - Living - Bank as Trustee
- 10 Trust - Testamentary
- 11 Trust - Testamentary Bank as Trustee
- 12 Estate - Executor
- 13 Estate - Administrator
- 14 Unincorporated Investment Club
- 15 Committee
- 16 Guardian
- 17 Conservator Estate Of
- 18 Conservator Prop of
- 19 AMUL - GA
- 20 JT / Surv Mart - WI (Joint Survivor Marital - Wisconsin)
- 21 JT / Mar - WI (Joint Marital - Wisconsin)
- 28 Usufruct (L.A.)
- 29 Curatorship (L.A.)
- 30 Tutorship (L.A.)
- 31 Formal Succession (L.A.)
- 32 Informal Succession (L.A.)
- 33 Usufruct Trust (L.A.)

B Joint A/C Relationship

Enter relationship of account participants for jointly-owned accounts.

C State Code

Enter State of Residence. UGMA/UTMA Accounts: Enter state whose laws apply, as identified by client

D UGMA/UTMA Custodial Age

Enter age at which custodianship ends per applicable state's laws.

E Date Living Trust Established

Enter the date on which the trust was established. It will be incorporated into the account title when entered into the CIS name and address system.

L Source of Wealth

- 01 Business Earnings (owner)
- 02 Sale of Business or Property
- 03 Salary (employee)
- 04 Personal Savings
- 05 Insurance Benefits
- 06 Inheritance
- 07 Gambling/Lottery Winnings
- 08 Real Estate Investing
- 09 Family Gifts
- 10 Securities Investing
- 11 Retirement Benefits (401K, Pensions, Rollover, etc.)
- 12 Court Awards/Legal Settlements
- 13 Alimony Benefits
- 14 Disability Benefits
- 15 Government Benefits
- 16 Charitable Contributions
- 17 Other

Traits (Required)

- Account Type 01 CMA 02 CBA(MSA or HSA Accts. only) 03 CMA Sub 10 Individual Investor (Del)
- Trade Type Margin Cash Flexible Credit
- Ownership Type **A** 01 # of Signatories _____ # Grantors _____

Disclose Name and Address ?

Does the client authorize _____ to disclose their name, address, and securities positions to corporate issuers under a SEC rule designed to permit issuers to communicate directly with non-objecting owners? No Yes

Dividend/Interest Usage

Hold Monthly Dividends as Credited Auto JE _____

Account Risk Factor

Conservative Moderate Aggressive Income Growth Total Return

Traits (If Applicable)

- B Joint Relationship** Not Related Married Related
- C State Code** _____
- D UGMA/UTMA Custodial Age** _____
- E If Living Trust: Date Established** _____
- If CMA Sub, Master Account Host Beyond Banking If Beyond Banking, Host Account # _____ PI (P)

Mutual Fund Advisor Pledge Collateral Type

- Q - Broker Dealer S - Selects
- 01 Parent Power 02 Mortgage 100 03 Pledge to _____ 04 Pledge to _____ Bank 05 Pledge to _____ Omega 06 Pledge Account (ML Consults) 07 Pledge to _____ 08 Pledge to _____ 09 Pledge to _____ 10 Pledge to _____ 11 Pledge to _____

Additional Services & Features

- Investment Advisor Employee Stock Option Transfer on Death Power of Attorney DAC/RAP Internet Service Consults Escrow Employee Reactivate is Custodian MSA FTS DDS Confidential FA Discretionary PIA
- Options Equity Index Foreign Currency Debt
- OC
Manager's Initial

Investment Options

Available primary money account sweep options have been discussed with the Client

AMDA _____ CMA MUNI _____ CMA Tax Exempt _____

Will eligible statement link assets exceed \$250,000? Yes No

OC
FA's Initial

Owner / Grantor Source of Wealth

Initial Transaction _____ Good Faith Deposit Waived? Yes No

Owner/Grantor Source of Wealth (Required) 06 Money _____ Securities Buy/Sell Quantity _____ Symbol _____

Approval Signatures

Financial Advisor's Signature _____ Date _____

Manager's Approval _____ Date _____

**Retail Account Profile
Single/Joint/Custodial (KDA)**

Authorized Account Individuals (AAI) Information (Required)

NOTE: If none of the authorized account individuals are beneficial owners, please consult with your manager prior to obtaining account number. (see page 7 for Beneficial Owner definition)

Authorized Account Individual #1

F Capacity _____
 First _____
 Middle _____
 Last _____

Social Security Number _____

Country of Citizenship _____

Date of Birth _____

Country of Residence _____

Does individual have, or applied for a SSN?
 Yes No

Authorized Account Individual #2

F Capacity _____
 First _____
 Middle _____
 Last _____

Social Security Number _____

Country of Citizenship _____

Date of Birth _____

Country of Residence _____

Does individual have, or applied for a SSN?
 Yes No

Authorized Account Individual #3

F Capacity _____
 First _____
 Middle _____
 Last _____

Social Security Number _____

Country of Citizenship _____

Date of Birth _____

Country of Residence _____

Does individual have, or applied for a SSN?
 Yes No

Authorized Account Individual #4

F Capacity _____
 First _____
 Middle _____
 Last _____

Social Security Number _____

Country of Citizenship _____

Date of Birth _____

Country of Residence _____

Does individual have, or applied for a SSN?
 Yes No

Are all account individuals US citizens? Yes No If No, complete the Non-US. Citizen section, page 5.

Is any account individual or spouse employed by _____ or a Self Regulatory Organization (SRO)? Yes No If SRO, indicate entity below.

Client is employed by...

Client's spouse is employed by...

Indiv. # 1 _____ SRO _____
 Indiv. # 2 _____ SRO _____
 Indiv. # 3 _____ SRO _____
 Indiv. # 4 _____ SRO _____

If client or spouse is employed by a Self Regulatory Organization (SRO), provide the entity's name in the space provided

Trust Profile

Is the trust... (TR) Revocable & Amendable
 Irrevocable

For Living Trusts, Provide Grantor SSN, name and address (if different than Trustee)

Is the trustee an entity? Yes No

If yes, is the trustee a foreign entity? Yes No

If yes, provide the names of each officer and director

City _____ State _____ Zip _____

Country _____

Name of Decedent (Testamentary Trust)

Date of Death _____

Social Security # _____

Profile Codes

Account Title Information (Required)

F Each authorized account individual is listed on an account under a specific capacity. The list below displays the allowable capacities for each ownership.

Ownership	Capacities	Ownership	Capacities
01	CLIENT	18	COMM. BFOWR
02	JTWROS	19	GUARD. BFOWR
03	ATBE	17	CONS. BFOWR
04	TIC	18	CONS. BFOWR
05	COMPRP	19	CUST. MINOR
06	CUST. MINOR	20	SURPRO
07	CUST. MINOR	21	MARPRO
08	TTEE. GRANTR OFFCR. DIR. BFOWR	28	USUF. NKDOWR
09	TTEE. GRANTR OFFCR. DIR. BFOWR	29	CURATR. BFOWR
10	TTEE. GRANTR OFFCR. DIR. BFOWR. TESTOR	30	TUTOR. BFOWR
11	TTEE. GRANTR OFFCR. DIR. BFOWR	31	EXEC. SUCCOF
12	EALC. EST OF	32	EXEC
13	ADMIN. EST OF	33	USUF. NKDOWR
14	CLUB PART	34	BFOWR

Account Title

Primary Mailing Address

Does the client have a secondary address?

Yes No

If Yes, complete address on the Client Profile, page 5.

TEFRA Document in Hand: Yes No

Primary Residential, if Different Than Mailing Address

City _____ State _____

Zip _____ Country _____

City _____ State _____

Zip _____ Country _____

Client
Spouse
Fiduciary/Signatory
(Trustee, Conservator, Administrator, Custodian, etc.)
Estate
Trust

Client
 Spouse (not listed on account)
 Estate
 Fiduciary/Signatory (Trustee, Conservator, Administrator, Custodian, etc.)
 Trust

Client
 Spouse (not listed on account)
 Estate
 Fiduciary/Signatory (Trustee, Conservator, Administrator, Custodian, etc.)
 Trust

Profile #1					Profile #2				
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Name <u>Tony</u> <u>Techie</u>				
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Social Security or Tax Identification Number (TIN) <u>111111111</u> (SS# / TIN)				
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Is SSN/TIN applied for? (APL) <input type="checkbox"/> Yes <input type="checkbox"/> No				
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Tax Residency (Country) <u>USA</u> (Country)				
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Gender <input checked="" type="checkbox"/> Male <input type="checkbox"/> Female				
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Date of Birth (DOB) <u>10/29/1958</u> M M D D Y Y Y Y				
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Marital Status (MRTL) <input checked="" type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed <input type="checkbox"/> Partner				
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Number of Dependent Children (DPCH) <u>00</u> (00-99)				
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	FA # of primary FA (PR) if client is associated with pool or team. <u>1234</u> Primary FA Number				
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Telephone Numbers (PH) <u>555 5555</u>				
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Minimum of one, maximum of three. Refer to Profile Codes to indicate type of telephone being provided.				
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	E-Mail Address (EML) (Types include HOME, BUSINESS, VACATION, SCHOOL and OTHER.) <u>Tony@hotmail.com</u>				
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Special Needs Financial Services (SPEC NEED) <input type="checkbox"/> Special Needs				

Employment Information					Profile #1					Profile #2				
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Employment Status (EMP) <input checked="" type="checkbox"/> Employed / Not Owner <input type="checkbox"/> Not Employed <input type="checkbox"/> Student <input type="checkbox"/> Homemaker <input type="checkbox"/> Business Owner <input type="checkbox"/> Retired					<input type="checkbox"/> Employed / Not Owner <input type="checkbox"/> Not Employed <input type="checkbox"/> Student <input type="checkbox"/> Homemaker <input type="checkbox"/> Business Owner <input type="checkbox"/> Retired				
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	If retired, former employer and date of retirement									
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	If currently employed or retired within three years, provide employment details listed below									
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Employer's Name (EMPL) <u>Village Bank</u>									
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Employer's Address <u>2 Village Square</u>									
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	City <u>Mineola</u> State <u>NY</u>									
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Zip <u>11501</u> Country <u>USA</u>									
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Employer's Phone Number <u>516 222-2222</u>									
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Area Code <u>516</u> Number <u>222-2222</u>									
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Position / Title (PSN/TLE) <u>Teller</u>									
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Employed Since <u>01.03.1990</u> M M D D Y Y Y Y									
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Occupation Code (OCC) <u>06</u> OCC If Miscellaneous, explain here									
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Industry Code (IND) <u>05</u> IND If Miscellaneous, explain here									

Profile Codes			If a client's occupation is listed below (Special Concern Businesses, items #36 - 56), a Retail Enhanced Due Diligence form, code RETL EDD must be completed.		
G Telephone Type Codes	I Industry Codes	H Occupation Codes	36 Check Cashing & Deposit Taking Facilities	48 Deposit Broker	47 Pawnbroker
AFX Attorney's Fax	01 Agriculture	01 Accounting	37 Casino & Card Clubs	48 Unregistered Investment Broker	
ATT Attorney's Phone	02 Clergy	02 Advertising/Public Relations	38 Phone Card Retailer/Wholesaler	49 Ship, Bus, Plane Operator	
BEP Beeper / Pager	03 Communication	03 Agriculture/Forestry/Fishery	39 Leather Goods Store	50 Telemarketer	
BFX Business Fax	04 Contract Construction	04 Architecture/Surveying/Urban Planning	40 New/Used Auto, Boat, Plane, machine parts	51 Cash Intensive Business	
BSA Business Alternate	05 Finance	05 US Armed Forces	41 Used Automobile/Truck Dealer	52 Non-US Govt	
BUS Business	06 Forestry and Fishery	06 Banking	42 Travel Agency	53 Non-US Armed Forces	
CEL Cellular	07 Health Services	07 Brokerage/Securities/Investments	43 Jeweler, Gem & precious Metal Dealer	54 Arms Merchant	
CFX Accountant's Fax	08 Insurance	08 Civil Service	44 Import/Export Company	55 Art/Antiquity Dealer	
CPA Accountant's Phone	10 Manufacturing	09 Computers/Info Systems	45 Auctioneer	56 Non-US Charity or Charitable Foundation	
HFX Home Fax	11 Mining	10 Construction/Contracting			
HOM Home	12 Public Administration	11 Consulting			
IBS International Business	13 Public Utilities	12 Dentistry			
IFX International Fax	14 Real Estate	13 Economics			
IHO International Home	15 Retail	14 Engineering			
SCH School	16 Transportation	15 Estate Planning/Trust/Taxation			
UNL Unlisted	17 Wholesale	16 Executive/Administration/Management			
VAC Vacation Home	18 Miscellaneous	17 Finance/Venture Capital			
OTH Other		18 Food/Beverage/Lodging			
		19 Foreign Services			
		20 Health Services			
		21 Human Resources			
		22 Lawyer/Judge			
		23 Marketing/Sales			
		24 Physician/Surgeon			
		25 Real Estate			
		26 Religious Worker			
		27 Research/Development			
		28 Social Services			
		29 Sports/Recreation			
		30 Support Staff/Clerical/Admin.			
		31 Teacher/Librarian/Counselor			
		32 Technician			
		33 Transportation/Travel			
		34 Visual/Performing Arts			
		35 Miscellaneous			

Client
Spouse
Fiduciary/Signatory
Estate
Trust

Client
 Spouse (not listed on account)
 Estate
 Fiduciary/Signatory (Trustee, Conservator, Administrator, Custodian, etc.)
 Trust

Client
 Spouse (not listed on account)
 Estate
 Fiduciary/Signatory (Trustee, Conservator, Administrator, Custodian, etc.)
 Trust

Financial Information

Profile #1

Profile #2

J Annual Salary (ANN SAL)
Household Annual Income (AN INC)
Estimated Household Net Worth (NET WRTH)
Investable Assets (TTL ASSET)
Liabilities (TTL LIAB)

\$ 58,000 .00 or Code _____
\$ 58,000 .00 or Code _____
\$ 650,000 .00 or Code _____
\$ 500,000 .00 or Code _____
\$ 20,000 .00 or Code _____

\$ _____ .00 or Code _____
\$ _____ .00 or Code _____
\$ _____ .00 or Code _____
\$ _____ .00 or Code _____
\$ _____ .00 or Code _____

Has the individual completed a financial plan? (FNCL PL)

Yes No Financial Foundation

Yes No Financial Foundation

List other _____ account numbers that the client holds

Other financial services firms with which the client has established relationships (OTHR FIN)

Bull and Bear
Firm #1

Firm #1

City _____ St _____ Country _____

City _____ St _____ Country _____

K Refer to Profile Codes for other financial services firms codes.

Wells Fargo
Firm #2

Firm #2

City _____ St _____ Country _____

City _____ St _____ Country _____

When using codes 01X, 02X, 03X, 04X, 05X, 06X or 07X, Enter the name of the financial services firm in the space provided to the right.

Alliance Capital Mgmt.
Firm #3

Firm #3

City _____ St _____ Country _____

City _____ St _____ Country _____

Firm #4

Firm #4

City _____ St _____ Country _____

City _____ St _____ Country _____

Trading Information

Profile #1

Profile #2

Product Experience (PROD EXP)
Check all that apply

Mutual Funds Bonds Cash
 Equities Options None
 Ltd. Partnerships Futures

Mutual Funds Bonds Cash
 Equities Options None
 Ltd. Partnerships Futures

Trading Experience (EXP)

Cash Margin None

Cash Margin None

Trading Frequency (FRQ)

Seldom Moderate Active

Seldom Moderate Active

Year client began investing

1999

Control Person

See Definition of Control Person on page 7.

Profile #1

Profile #2

Is the individual or entity considered a Control Person? (CTL)

Yes No

Yes No

If YES, name, stock symbol of the company (SYM) and primary exchange are required. (If stock is unlisted, enter "NLIST" as symbol)

Name _____
Symbol _____
Primary Exchange _____

Name _____
Symbol _____
Primary Exchange _____

Profile Codes

J Salary, Income and Net Worth

A	Less Than \$24,999
B	25,000 - 49,999
C	50,000 - 74,999
D	75,000 - 99,999
E	100,000 - 124,999
F	125,000 - 149,999
G	150,000 - 174,999
H	175,000 - 199,999
I	200,000 - 224,999
J	225,000 - 249,999
K	250,000 - 274,999
L	275,000 - 299,999
M	300,000 - 349,999
N	350,000 - 399,999
O	400,000 - 449,999
P	450,000 - 499,999
Q	500,000 - 549,999
R	550,000 - 999,999
S	1,000,000 - 2,999,999
T	3,000,000 - 4,999,999
U	5,000,000 - And Over

K Other Financial Services Firms

01A	Banc One	04A	Fidelity	05E	Smith Barney/Shearson	N	None
01B	Bank of America	04B	Drayfus	05X	Other National Full Service		
01C	Barnett Banks	04C	Janus	06A	AG Edwards		
01D	Citicorp/Citibank	04D	Kemper (Evergreen)	06B	Alex Brown		
01E	Chase Bank	04E	Putnam	06C	Dain Bosworth		
01F	First Union Bank/First Fidelity NJ	04F	Scudder	06D	Edward Jones		
01G	Keycorp	04G	Strong	06E	JC Bradford		
01H	NationsBank (Nations Securities)	04H	T. Rowe Price	06F	Legg Mason		
01I	Wells Fargo/First Interstate Bank	04I	Twenty Century	06G	Piper Jaffray		
01X	Other US Bank	04J	Vanguard	06H	Wheat First		
02A	Charles Schwab	04K	USAA	06X	Other Regional Full Service		
02B	Older Discount	04x	Other Mutual Fund				
02C	Quick & Reilly	05A	Dean Witter	07A	Metropolitan Life		
02X	Other Discount Brokerage	05B	Lehman	07B	Prudential Insurance		
03A	AEFA-American Express Financial Advisors	05C	Paine Webber/Kidder Peabody	07C	Travelers Insurance		
03X	Other Financial Planning	05D	Prudential Securities	07X	Other Insurance Company		

Client
Spouse
Fiduciary/Signatory
Estate
Trust

Client
 Spouse (not listed on account)
 Estate
 Fiduciary/Signatory (Trustee, Conservator, Administrator, Custodian, etc.)
 Trust

Client
 Spouse (not listed on account)
 Estate
 Fiduciary/Signatory (Trustee, Conservator, Administrator, Custodian, etc.)
 Trust

Referral Information

Source of Relationship (SOURCE)
 Name of person who referred the individual to
 Does the referrer have a account? If yes, please provide the account number
 Referrer's relationship to client

Profile #1
 Walk In
 Call In
 Known Personally
 Prospect
 Referral
 Existing
 Cold Call
 Internet
Referrer: Hugh G. Less
Account Number: _____
Relationship: Brother in law

Profile #2
 Walk In
 Call In
 Known Personally
 Prospect
 Referral
 Existing
 Cold Call
 Internet
Referrer: _____
Account Number: _____
Relationship: _____

Correspondence Information

Individual Informal Greeting (CLINF) Bobby Smith
Individual Formal Greeting (CLFML) Robert Smith, Jr.
Household Informal Greeting (HHINF) Bobbie & Annie Smith
Household Formal Greeting (HHFML) Robert Smith, Jr.
Correspondence Preference (CORR) Mail Telephone Email No Preference
Decedent's Date of Death (DOD) _____

Profile #1
Tony Techie

 Mail Telephone Email No Preference
M M / D D / Y Y Y Y

Profile #2

 Mail Telephone Email No Preference
M M / D D / Y Y Y Y

Residential Information

Years at Residence
Own or Rent Residence (OWN/ RENT)
Account Mailing Address Type (MAIL ADDR)
If there are multiple account owners whose address is not listed in the account stencil (p. 2), please enter their residential address here.
Is the address provided above a foreign address? (FGN)
If the account owner has a second residential address, or the account owner's spouse resides at a different address, please indicate that here.

Profile #1
12 (00-99)
 Own Rent
 RESidence BUSiness VACation
 SCHool OTHer
City _____ State _____
Zip _____ Country _____
 Yes No
City _____ State _____
Zip _____ Country _____

Profile #2
____ (00-99)
 Own Rent
 RESidence BUSiness VACation
 SCHool OTHer
City _____ State _____
Zip _____ Country _____
 Yes No
City _____ State _____
Zip _____ Country _____

Non US Citizen Only

If no passport, please provide secondary national identification information
Passport/ID#
Passport Type
Type (National ID)
Country
Passport/ID Issued
Passport/ID Expires

Profile #1
 Military Diplomatic Standard

M M / D D / Y Y Y Y
M M / D D / Y Y Y Y

Profile #2
 Military Diplomatic Standard

M M / D D / Y Y Y Y
M M / D D / Y Y Y Y

Refer to the "Instructions and Definitions" section on page 7 when obtaining passport/ID information

**Retail Account Profile
Single/Joint/Custodial (KDA)**

Anticipatory Profiling (Required)

Domestic Wires

International Wires

Anticipated Number of *incoming* wire transactions per year

Less than 10 10 -50 Greater than 50

Less than 10 10 -50 Greater than 50

Anticipated Number of *outgoing* wire transactions per year

Less than 10 10 -50 Greater than 50

Less than 10 10 -50 Greater than 50

Anticipated dollar value of *incoming* wires per year

Less than \$25,000
 \$25,000 - 100,000
 Greater than \$100,000

Less than \$25,000
 \$25,000 - 100,000
 Greater than \$100,000

Anticipated dollar value of *outgoing* wires per year

Less than \$25,000
 \$25,000 - 100,000
 Greater than \$100,000

Less than \$25,000
 \$25,000 - 100,000
 Greater than \$100,000

Interested Parties (Duplicate Instructions)

Instruction 1

Instruction 2

Instruction 3

Name _____
FAO _____
Address _____
City _____ State _____
Zip _____ Country _____
Relationship to Account Owner _____
 Dividends Confirms Statements Proxy

Name _____
FAO _____
Address _____
City _____ State _____
Zip _____ Country _____
Relationship to Account Owner _____
 Dividends Confirms Statements Proxy

Name _____
FAO _____
Address _____
City _____ State _____
Zip _____ Country _____
Relationship to Account Owner _____
 Dividends Confirms Statements Proxy

Instruction 4

Instruction 5

Instruction 6

Name _____
FAO _____
Address _____
City _____ State _____
Zip _____ Country _____
Relationship to Account Owner _____
 Dividends Confirms Statements Proxy

Name _____
FAO _____
Address _____
City _____ State _____
Zip _____ Country _____
Relationship to Account Owner _____
 Dividends Confirms Statements Proxy

Name _____
FAO _____
Address _____
City _____ State _____
Zip _____ Country _____
Relationship to Account Owner _____
 Dividends Confirms Statements Proxy

Power of Attorney (POA) Information

POA Type POA Non-POA

Is agent a US Citizen? Yes No If no, obtain copy of passport or national ID

Agent's SSN or TIN # _____

Agent's Address _____

Agent's Passport (or National ID)

Agent's Name _____

Passport/National ID# _____

Agent's Occupation _____

Type of passport Military Diplomatic Standard

Agent's Employer _____

City _____ State _____

Type of National ID _____

Agent's State of Residence _____

Zip _____ Country _____

Country _____

Agent's relationship to account owner _____

Telephone _____

MM / DD / YYYY MM / DD / YYYY
Passport/ID Issued Passport/ID Expires

Registered Investment Advisor (IA) Information

POA Type POA Non-POA

Is IA a US Citizen? Yes No If no, obtain copy of passport or national ID

IA's SSN or TIN # _____

IA's Address _____

IA's Passport (or National ID)

IA's Name _____

Passport/National ID# _____

IA's Occupation _____

Type of passport Military Diplomatic Standard

IA's Employer _____

City _____ State _____

Type of National ID _____

IA's State of Residence _____

Zip _____ Country _____

Country _____

IA's relationship to account owner _____

Telephone _____

MM / DD / YYYY MM / DD / YYYY
Passport/ID Issued Passport/ID Expires

Refer to the "Instructions and Definitions" section on page 7 when obtaining passport/ID information.

Instructions and Definitions

FATF Countries

The Financial Action Task Force ("FATF") is an international body that evaluates the effectiveness of anti-money laundering controls around the world. Anti-money laundering regulations in the US permit financial institutions to rely on business being conducted with, or introduced by, countries with equivalent anti-money laundering legislation and financial sector requirements in a number of cases and which are classified as FATF countries. However, "equivalence status" does not guarantee that "know your customer" requirements are equal to those operating in the US

Non-Cooperative Countries and Territories ("NCCT")

FATF also has developed a list of jurisdictions that do not meet international anti-money laundering standards (the Non-Cooperative Countries or Territories or NCCTs). The US, the UK, and other countries require financial institutions to exercise greater due diligence and scrutiny when dealing with client/counterparties in an NCCT.

Sensitive Countries

Sensitive countries are those countries or jurisdictions which require additional care in collecting information in connection with establishing an account relationship.

If mailing address, residency, citizenship, or place of business is located in a NCCT or Sensitive Country, complete the Corporate Enhanced Due Diligence (code RETL EDD) form.

For current list of FATF, NCCT and Sensitive Countries, please check the OGC website at
http://ogc.worldnet.ml.com/frameset_links/MoneyLaundFS.htm

Sanctioned Countries

"Sanctioned Countries" are those upon which the U.S. Government, in order to further U.S. foreign policy or national security objectives, has imposed economic sanctions. These sanctions limit the business that financial firms may conduct in, or with the governments of such countries, and in some cases, may also include a prohibition against conducting business with individuals or entities that have ties to those countries. A current list of Sanctioned Countries can be found on the OGC web site at:

<http://ogc.worldnet.ml.com/LCRAweb/EcoCont/econSancthome.htm>

Quasi-Government Agency

"Quasi-Government Agency" is any entity, agency or authority in which a non-US government has an ownership interest of any size, amount or percentage. For example, this would include development corporations, financial institutions and partially privatized entities.

INSTRUCTIONS:

Obtaining Identification

An employee, preferably the FA or Manager, must personally obtain a legible copy of the client's passport (cover, photo and detail page). If passport is not available, employee may obtain a national ID (other than a Driver's License) with a photo.

The employee must note on the photo copy, "The identification document is a true likeness and taken from the original document", sign and legibly print the employee's name with date.

If original passport or national ID is not physically viewed, obtain a legible notarized or certified copy. Notarized or certified copies must be dated and signed, including the statement: "Original Seen" (or similar wording), affixed by the notary or representative of the embassy, consulate or high commission for the country of issue.

Senior Foreign Political Figure

The term "Senior Foreign Political Figure" includes elected and non-elected, current and former, non-US senior officials in the executive, legislative, administrative, judicial, or military branches of government; senior officials of major non-US political parties, or executives of non-US government owned or controlled enterprises; and corporations, businesses, or other entities formed by, or on behalf of, a non-US senior political figure.

The term "close associates" of "senior foreign political figures" includes their immediate family members (e.g., parents, spouse, siblings, children, in-laws); persons with whom they are widely and publicly known, or actually known to maintain a close personal, or professional relationship; and persons who conduct financial transactions on their behalf.

Beneficial Owner

Beneficial owner is defined as the person who owns or controls the assets in the account or the account itself, whether or not identified as an account holder or person authorized on the account

Form Storage

Original client profile documentation, such as enhanced due diligence forms and client photo IDs must be retained in the branch. Package all pertinent document with this Profile Form and store for easy retrieval.

Control Person

Control Person is defined as any beneficial owner who is a Section 16 Affiliate (i.e. executive officer, director or 10% or more shareowner) of a U.S. Public Company. A U.S. Public Company is a reporting company under the U.S. Securities Exchange Act of 1934.

Arbitration

Revised Discovery Guide and Document Production Lists for Customer Arbitration Proceedings

Effective Date: May 16, 2011

Executive Summary

FINRA is revising the Discovery Guide to expand the guidance it gives to parties and arbitrators on the discovery process and to update the Document Production Lists.¹ FINRA is consolidating the Document Production Lists from the 14 current Lists (two general Lists and 12 separate Lists for specific types of claims) to two lists of “presumptively discoverable” documents—one for firms/associated persons to produce and one for customers to produce. Many of the documents on the current Lists are included in the revised Discovery Guide. In addition, under the revised Guide, FINRA is requiring parties to produce additional types of documents that forum users have indicated they need to develop a case.

The amendments are effective on May 16, 2011, and will apply to all customer cases filed on or after the effective date. The amendments to Rules 12506 and 12508 are set forth in Attachment A, and the revised Discovery Guide is available on our website at www.finra.org/arbitration/discoveryguide.

Questions concerning this Notice should be directed to:

- ▶ Richard W. Berry, Senior Vice President and Director of Case Administration and Regional Office Services, Dispute Resolution (DR), at (212) 858-4307 or richard.berry@finra.org; or
- ▶ Margo A. Hassan, Assistant Chief Counsel, DR, at (212) 858-4481 or margo.hassan@finra.org.

April 2011

Notice Type

- ▶ Rule Amendment

Suggested Routing

- ▶ Compliance
- ▶ Legal
- ▶ Registered Representatives
- ▶ Senior Management

Key Topics

- ▶ Arbitration
- ▶ Code of Arbitration Procedure
- ▶ Discovery

Referenced Rules & Notices

- ▶ FINRA Rule 12506
- ▶ FINRA Rule 12508
- ▶ NTM 99-90

Background & Discussion

In 1999, FINRA adopted the Discovery Guide (Guide), which includes Document Production Lists (Lists), for use in customer arbitration proceedings.² The Guide provides direction on which documents parties should exchange without arbitrator or staff intervention, and the Lists specifically identify the documents parties should exchange before the hearing, depending on the type of dispute. After years of experience with the Guide, FINRA is revising it to expand the guidance given to parties and arbitrators on the discovery process and to update the Lists.

FINRA is replacing the current 14 Lists with just two Lists of presumptively discoverable documents: one for firms/associated persons to produce and one for customers to produce. As noted above, many of the documents on the current Lists are included in the revised Guide. In addition, the revised Guide requires parties to produce additional types of documents that users indicated they need to develop a case. Although each item on the Lists (with a few exceptions) will be presumptively discoverable in every customer case, the revised Guide encourages arbitrators to tailor the Guide to the facts and circumstances of each case. FINRA is also making conforming changes to Rules 12506 (Document Production Lists) and 12508 (Objecting to Discovery Requests; Waiver of Objection) that reflect the List consolidations.

Discovery Guide Introduction

FINRA is revising the Guide's introduction to expand its guidance to parties and arbitrators on the discovery process generally, and to clarify how arbitrators should apply the Guide in arbitration proceedings. The revised introduction addresses, among other matters:

- ▶ **Flexibility:** The parties and arbitrators retain their flexibility in the discovery process. Arbitrators can:
 - ▶ order the production of documents not provided for by the Lists;
 - ▶ order that parties do not have to produce certain documents on the Lists; and
 - ▶ alter the production schedule.
- ▶ **Objections Based on Cost/Burden:** A party may object to producing a document on the List because of the cost or burden of production. If a party demonstrates that the cost or burden of production is disproportionate to the need for the document, the arbitrators should determine if the document is relevant or likely to lead to relevant evidence and, if so, the arbitrators should consider whether there are alternatives that can lessen the impact.

- ▶ **Requests for Additional Documents:** Arbitrators must use their judgment in considering requests for additional documents and may not deny document requests on the ground that the documents are not expressly listed in the Guide.
- ▶ **Party and Non-Party Production:** Only named parties must produce documents pursuant to the guidelines. Non-parties may be required to produce documents pursuant to a subpoena or an order of the arbitrator.
- ▶ **Consideration of Firm Business Models and Customer Claims:** Not all firms have the same business operations model and certain items on the Lists may not apply to a particular case when the firm's business model is considered. In addition, certain items on the Customer List may not apply to a particular case depending on the claims asserted.
- ▶ **Electronic Discovery:** Electronic files are "documents" within the meaning of the Guide.
- ▶ **Confidentiality:** When deciding contested requests for confidentiality orders, arbitrators should consider factors specified in the Guide including, among others, whether disclosure would constitute an unwarranted invasion of personal privacy, or whether the information contains proprietary confidential business plans and procedures or trade secrets.
- ▶ **Privilege:** Parties are not required to produce documents that are otherwise subject to an established privilege.
- ▶ **Affirmations:** If a party responds that there are no responsive documents in the party's possession, custody or control, the customer or the appropriate person in the brokerage firm who has knowledge must:
 1. state in writing that the party conducted a good faith search;
 2. describe the extent of the search; and
 3. state that, based on the search, there are no requested documents in the party's possession, custody or control.
- ▶ **No Obligation to Create Documents:** Parties are not required to create documents in response to items on the Lists.
- ▶ **Admissibility:** Production of documents in discovery does not create a presumption that the documents are admissible at the hearing.

Documents the Firm/Associated Persons Shall Produce in All Customer Cases (List 1)

Document Production List 1 specifies the presumptively discoverable documents that firms/associated persons are required to produce in customer cases. Subject to the limited exceptions specified in certain List items, firms/associated persons are required to produce every document in every case unless the required production is narrowed either by party agreement or by order of the arbitrator. Highlights of the items follow. See the attached Guide for the full details and requirements of each item, including relevant time frames.

- Item 1:** Account record information for the customer parties, documents concerning the customer parties' risk tolerance and agreements with the customer parties.
- Item 2:** Correspondence sent to the customer parties or received by the firm/associated persons, and advertising materials sent to customers of the firm.
- Item 3:** Documents evidencing any investment or trading strategies used or recommended in the customer parties' accounts.
- Item 4:** For claims alleging unauthorized trading, all documents the firm/associated persons relied upon to establish that the customer parties authorized the transactions at issue, all documents relating to the customer parties' authorization of the transactions and all order tickets for the transactions.
- Item 5:** Materials the firm and/or associated persons prepared or used and/or provided to the customer parties relating to the transactions or products at issue, and worksheets or notes indicating that the associated persons reviewed or read such documents.
- Item 6:** Notes the firm/associated persons made relating to the customer parties and/or the customer parties' claims, accounts, transactions or products or types of products at issue.
- Item 7:** Notes or memoranda evidencing supervisory, compliance or managerial review of the customer parties' accounts or transactions, or of the associated persons assigned to the customer parties' accounts; and correspondence between the customer parties and firm/associated persons relating to the customer parties' claims, accounts, transactions or products or types of products at issue bearing indications of managerial, compliance or supervisory review.
- Item 8:** Recordings, telephone logs and notes of telephone calls or conversations about the transactions at issue that occurred between the associated persons and the customer parties, and/or between the firm and the associated persons.

- Item 9:** Writings reflecting communications between the associated persons assigned to the customer parties' accounts at issue and members of the firm's compliance department relating to the securities/products at issue and/or the customer parties' claims, accounts or transactions.
- Item 10:** Forms RE-3, U4 and U5 and Disclosure Reporting Pages for the associated persons assigned to the customer parties' accounts at issue, customer complaints identified in the forms, and customer complaints filed against the associated persons.
- Item 11:** Sections of the firm's manuals relating to the claims alleged, including separate or supplemental manuals governing the duties and responsibilities of the associated persons and supervisors, bulletins the firm issued and the table of contents/index to the manuals/bulletins.
- Item 12:** Analyses and reconciliations of the customer parties' accounts, including those relating to reviews of the customer parties' claims, accounts, transactions or the product or types of products at issue.
- Item 13:** Exception reports, supervisory activity reviews, concentration reports, active account runs and similar documents produced to review for activity in the customer parties' accounts related to the allegations. For claims alleging failure to supervise, the firm/associated persons must produce the documents listed in this item that were produced to review for activity in customer accounts handled by associated persons and related to the allegations.
- Item 14:** Portions of internal audit reports for the branch in which the customer parties maintained accounts that concern associated persons or the accounts or transactions at issue and discussed alleged improper behavior in the branch against other individuals similar to the improper conduct alleged.
- Item 15:** Records of disciplinary action taken against associated persons by any regulator or employer for all sales practice violations or conduct similar to the conduct alleged.
- Item 16:** Investigations, charges, or findings by any regulator and the firm/associated persons' responses.
- Item 17:** Portions of examination reports or similar reports following an examination or inspection conducted by any regulator that focused on the associated persons or the customer parties' claims, accounts or transactions, or the product or types of products, or that discussed alleged improper behavior in the branch against other individuals similar to the conduct alleged.

- Item 18:** Documents related to the case that the firm/associated persons received by subpoena or by document request directed to third parties.
- Item 19:** For the transactions at issue, documentation showing the compensation, gross and net, to the associated persons.
- Item 20:** For claims related to solicited trading activity, a record of all compensation, including, but not limited to, monthly commission runs for the associated persons.
- Item 21:** A record of all agreements pertaining to the relationship between the associated persons and the firm, summarizing the associated persons' compensation arrangement or plan with the firm.
- Item 22:** For allegations regarding an insurance product that includes a death benefit, information concerning the customer parties' insurance holdings and recommendations, if any, regarding insurance products.

Documents the Customer Parties Shall Produce in All Customer Cases (List 2)

Document Production List 2 specifies the presumptively discoverable documents that customer parties are required to produce in customer cases. Subject to the limited exceptions specified in certain List items, customer parties are required to produce every document in every case unless the required production is narrowed either by party agreement or by order of the arbitrator. Highlights of the items follow. See the attached Guide for the full details and requirements of each item, including relevant time frames.

- Item 1:** Customer party federal income tax returns, limited to pages 1 and 2 of Form 1040; Schedules A, B, D and E; and the IRS worksheets related to these schedules, redacted to delete the customer parties' Social Security numbers. Customer parties may redact information relating to medical and dental expenses and names of charities on Schedule A unless the information is related to allegations in the Statement of Claim.
- Item 2:** Financial statements, including statements within a loan application, or similar statements of the customer parties' assets, liabilities and/or net worth.
- Item 3:** Documents the customer parties received from the firm/associated persons and from entities in which the customer parties invested through the firm/associated persons, including account opening documents and/or forms, prospectuses, research reports, annual and periodic reports, and correspondence.
- Item 4:** Account statements for each non-party securities firm where the customer parties maintained an account.

- Item 5:** Documents, including agreements and forms, relating to accounts at the firm or transactions with the firm.
- Item 6:** Account analyses and reconciliations prepared by or for the customer parties relating to the customer parties' accounts at the firm or transactions with the firm.
- Item 7:** Notes, including entries in diaries or calendars, relating to the accounts at the firm or the transactions at issue.
- Item 8:** Recordings and notes or logs of telephone calls or conversations about the customer parties' accounts or transactions at issue that occurred between the associated persons and the customer parties, and telephone records evidencing telephone contact between the customer parties and the firm/associated persons.
- Item 9:** Correspondence the customer parties sent or received relating to the accounts or transactions at issue.
- Item 10:** Previously prepared written statements by persons with knowledge of the facts and circumstances related to the accounts or transactions at issue.
- Item 11:** Complaints/Statements of Claim and answers filed in civil actions involving securities and securities arbitration proceedings in which the customer parties have been a party, and all final decisions or awards or non-confidential settlements entered in these matters. If a person is a party to a confidential settlement agreement that by its terms does not preclude identification of the existence of the agreement, the party shall identify the documents comprising the agreement.
- Item 12:** Documents showing the customer parties' ownership in or control over any business entity. If the customer parties are trustees, documents showing the accounts over which the customer parties have trading authority.
- Item 13:** Documents the customer parties received, including documents found through the customer parties' own efforts, relating to the investments at issue.
- Item 14:** For claims alleging unauthorized trading, documents the customer parties relied upon to show that they did not know about or consent to the transactions at issue.
- Item 15:** Materials the customer parties received or obtained relating to the claims, transactions or products at issue, and materials received relating to other investment opportunities.

- Item 16:** Customer parties' resumes.
- Item 17:** Existing descriptions of the customer parties' educational and employment background if not set forth in resumes.
- Item 18:** Documents related to the case that the customer parties received by subpoena or by document request directed to third parties.
- Item 19:** To the extent that an insurance product that provides a death benefit is included in the Statement of Claim, information received from an insurance sales agent or securities broker relating to such insurance.

Effective Date

The amendments are effective on May 16, 2011, and will apply to all customer cases filed on or after the effective date.

Endnotes

- 1 Exchange Act Release No. 64166 (April 1, 2011),
76 Federal Register 19155 (April 6, 2011)
(File No. SR-FINRA-2010-035).
- 2 See *Notice to Members (NTM) 99-90*
(November 1999).

Attachment A

Deletions are in brackets.

Code of Arbitration Procedure for Customer Disputes

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12506. Document Production Lists

(a) Applicability of Document Production Lists

When the Director serves the statement of claim, the Director will notify parties of the location of the FINRA Discovery Guide and Document Production Lists on FINRA's Web site, but will provide a copy to the parties upon request. Document Production Lists 1 and 2 describe the documents that are presumed to be discoverable in all arbitrations between a customer and a member or associated person. [Other Document Production Lists may also apply, depending on the specific cause(s) of action alleged.]

(b) Time for Responding to Document Production Lists

(1) Unless the parties agree otherwise, within 60 days of the date that the answer to the statement of claim is due, or, for parties added by amendment or third party claim, within 60 days of the date that their answer is due, parties must either:

- Produce to all other parties all documents in their possession or control that are described in [the] Document Production Lists 1 and 2[, and any other Document Production List that is applicable based on the cause(s) of action alleged];
- Identify and explain the reason that specific documents described in Document Production Lists 1 and 2[, and any other Document Production List that is applicable based on the cause(s) of action alleged,] cannot be produced within the required time, and state when the documents will be produced; or
- Object as provided in Rule 12508.

(2) No change.

(c) No change.

...

12508. Objecting to Discovery; Waiver of Objection

(a) If a party objects to producing any document described in Document Production Lists 1 or 2[, any other applicable Document Production List,] or any document or information requested under Rule 12507, it must specifically identify which document or requested information it is objecting to and why. Objections must be in writing, and must be served on all other parties at the same time and in the same manner. Objections should not be filed with the Director. Parties must produce all applicable listed documents, or other requested documents or information not specified in the objection.

(b)-(c) No change.

...



CLAIMANT NAME

V.

BROKERAGE FIRM

SAMPLE ACCOUNT ANALYSIS

MARCH 19, 2011

**PREPARED BY:
BATES GROUP LLC
5005 SW MEADOWS ROAD, SUITE 300
LAKE OSWEGO, OREGON 97035
(503) 670-7772**

EXECUTIVE SUMMARY --- CLAIMANT ACCOUNTS WITH BROKERAGE FIRM

ACCOUNT NO.	ACCOUNT DESCRIPTION	TIME PERIOD	OUT-OF-POCKET P/(L)	TRADING P/(L)	DIVIDENDS & INTEREST	MARGIN INTEREST	FEES & OTHER
1) XX XXXXX	CLAIMANT ACCOUNT	3/30/99 TO 12/31/02	(316,275.90)	(279,463.12)	9,467.66	(36,200.00)	(10,080.44)
2) XX XXXXX	CLAIMANT ACCOUNT	5/1/97 TO 7/31/00	6,211.61	6,007.27	22,693.75	0.00	(22,489.41)
3) XX XXXXX	CLAIMANT ACCOUNT	1/2/98 TO 3/31/03	(17,040.23)	(26,149.70)	32,051.04	0.00	(22,941.57)
4) XX XXXXX	CLAIMANT ACCOUNT	9/5/96 TO 3/31/02	(118,562.31)	(118,598.26)	22,003.41	0.00	(21,967.45)
			(445,666.83)	(418,203.81)	86,215.86	(36,200.00)	(77,478.87)

MONEY MARKET ONLY ACCOUNTS - NOT ANALYZED

ACCOUNT NO.	ACCOUNT DESCRIPTION	TIME PERIOD
XX XXXXX	CLAIMANT ACCOUNT	1/2/98 TO 12/31/02

COMBINED EQUITY CHANGE ANALYSIS
FROM 9/5/96 TO 3/31/03 CLAIMANT ACCOUNTS WITH BROKERAGE FIRM*

A	B	C	D	E	F	G	H	I	J	K
MONTH END	CASH OUT	CASH IN	SECURITIES OUT	SECURITIES IN	NET JOURNAL ENTRIES IN * \$100,000	NET IN	CUMULATIVE NET IN	EQUITY	MONTHLY P/(L)	CUMULATIVE P/(L)
11/29/02			16,566		10,829	(5,738)	445,726	58	917	(445,667)
12/31/02							445,726	58	1	(445,667)
01/31/03					(20)	(20)	445,706	39		(445,667)
02/28/03							445,706	39		(445,667)
03/31/03	39					(39)	445,667			(445,667)
	1,124,541	684,009	85,859	566,279	405,780	445,667			(445,667)	

L
CASH/INTY MKT BALANCE
58
58
39
39
0

FINAL EQUITY 0
 LESS: NET IN FROM ABOVE 445,667
 CUMULATIVE P/(L) (\$445,667)

^ LATEST DATE IS SHOWN FOR MONTHS WITH MULTIPLE ENDING DATES.
 SECURITIES IN/OUT INCLUDES ACCRUED INTEREST RECEIVED/DELIVERED

[A] NET JOURNAL ENTRIES REFLECTS ENTRY TO REMOVE FINAL EQUITY BALANCE FOR ACCOUNTS ENDING THE PREVIOUS MONTH.
 NO ADDITIONAL P/(L) HAS BEEN CALCULATED FOR THESE ACCOUNTS.

* ACCOUNTS INCLUDED:

- FROM 3/30/99 TO 12/31/02 CLIENT NAME/CLIENT ACCOUNT NUMBER
- FROM 5/1/97 TO 7/31/00 CLIENT NAME/CLIENT ACCOUNT NUMBER
- FROM 1/1/98 TO 3/31/03 CLIENT NAME/CLIENT ACCOUNT NUMBER
- FROM 9/5/96 TO 3/31/02 CLIENT NAME/CLIENT ACCOUNT NUMBER

ACCOUNT RECONCILIATION
 FROM 3/30/99 TO 12/31/02 CLIENT NAME/CLIENT ACCOUNT NUMBER

CASH/SECURITY FLOW SUMMARY

OUT-OF-POCKET PROFIT / (LOSS) CALCULATION

IN:	VALUE OF SECURITIES LONG IN ACCOUNT	\$0.00
	VALUE OF SECURITIES RECEIVED IN ACCOUNT	491,448.66
	ACCRUED INTEREST RECEIVED/LONG	1,144.50
	CASH TRANSFER(S) FROM ACCOUNT: XXX-XXXXX	145,521.02
	RECEIVED DEBIT BALANCE FM XXX-XXXXX	(43,260.08)
	TOTAL AMOUNT IN	\$594,854.10

TRADING REALIZED PROFIT / (LOSS)	(\$275,399.48)
TRADING UNREALIZED PROFIT / (LOSS)	(21,139.42)
CAPITAL GAINS DISTRIBUTIONS	17,075.78
TOTAL TRADING PROFIT / (LOSS)	(\$279,463.12)

OUT:	VALUE OF SECURITIES LONG IN ACCOUNT	\$0.00
	CASH BALANCE AT CONCLUSION OF ACCOUNT	19.62
	VALUE OF SECURITIES DELIVERED FROM ACCOUNT	85,859.13
	CASH OUT	195,528.14
	CASH TRANSFER(S) TO ACCOUNT: XXX-XXXXX	8,000.00
	DELIVERED DEBIT BALANCE	(10,828.70)
	TOTAL AMOUNT OUT	\$278,578.19
	NET SECURITY/CASH FLOW FROM ACCOUNT	(\$316,275.90)

TOTAL TRADING PROFIT / (LOSS) (FROM ABOVE)	(279,463.12)
STOCK DIVIDENDS/BOND INTEREST	9,467.66
MARGIN INTEREST	(36,200.00)
FEES	(10,113.14)
CASH IN LIEU	32.70

TOTAL OUT-OF-POCKET PROFIT / (LOSS)	(\$316,275.90)
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CHRONOLOGICAL TRANSACTION SUMMARY BY SETTLE DATE

FROM 3/30/99 TO 12/31/02 CLIENT NAME/CLIENT ACCOUNT NUMBER

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T
PURCH/ REC DATE	# OF SHS/ BONDS/ CONTRACTS		CALL	SECURITY	OPTION EXPIRES	PURCH/ REC PRICE	PURCH/ REC AMOUNT	ACCRUED INTEREST REC/BOT	COMMENTS	SALE/ DELIV DATE	SALE/ DELIV PRICE	SALE/ DELIV AMOUNT	ACCRUED INTEREST DEL/SOLD	COMMENTS	REALIZED/ UNREALIZED P(L)				
169	11/22/00	154		FEDERATED COMM TECH FD CL A	FEB 01 022 5	10.900	1,678.60		FM XXX-XXXX	04/02/01	6.640	1,022.56					(656.04)		131
170	02/20/01		10	CONEXANT SYSTEMS INC		N/A	N/A	\$1,144.50	EXPIRED	01/25/01	1.250	1,249.95	\$596.33				1,249.95		-25
																(\$296,538.90)			

NUMBER OF ACTUAL TRANSACTIONS: 241

<p>ACTUAL PURCHASES 2,220,865.69</p> <p>SECURITIES RECEIVED 491,488.66</p> <p>SECURITIES DELIVERED SHORT 0.00</p> <p>SECURITIES LONG 0.00</p> <p>SECURITIES SHORT 0.00</p> <p>ACCRUED INTEREST RECEIVED OR LONG 1,144.50</p> <p>TOTAL \$2,713,458.85</p>	<p>ACTUAL SALES 2,330,512.64</p> <p>SECURITIES DELIVERED 85,859.13</p> <p>SECURITIES RECEIVED SHORT 0.00</p> <p>SECURITIES LONG 0.00</p> <p>SECURITIES SHORT 0.00</p> <p>ACCRUED INT DELIVERED OR LONG 0.00</p> <p>TOTAL \$2,416,371.77</p>
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- 4 SECURITY PRICED USING BLOOMBERG, L.P.
- @ AMOUNT/COST ADJUSTED FOR LATER STOCK DIVIDEND
- N/A NOT AVAILABLE OR APPLICABLE
- U UNREALIZED P(L)
- * SEE FOLLOWING BACK UP SCHEDULE FOR INDIVIDUAL TRANSACTION DETAILS

BOTE/SOTE = BOUGHT/SOLD DUE TO EXERCISE

PROFIT/(LOSS) ON TRANSACTIONS WITH ACCRUED INTEREST CALCULATED ONLY ON PRINCIPAL AMOUNTS

SUMMARY FOR SECURITIES WITH DIVIDEND REINVESTMENTS AND/OR PRINCIPAL REDEMPTIONS
 FROM 3/30/99 TO 12/31/02 CLIENT NAME/CLIENT ACCOUNT NUMBER

A	B	C	D	E	F	G	H	I	J	K	L	M
PURCH/ REC DATE	# OF SHS	SECURITY	PURCH/ REC PRICE	PURCH/ REC AMOUNT	COMMENTS	SALE/ DELIV DATE	# OF SHS	SALE/ DELIV PRICE	SALE/ DELIV AMOUNT	COMMENTS	REALIZED/ UNREALIZED P/(L)	DAYS HELD (IF APP)
04/14/99	1999.2130	AMERICAN FD WA MUTUAL INVTR FD	34.19	68,353.09	[4] RECEIVED	05/10/99	1999.2130	34.66	69,292.72	[4] DELIVERED		1321
04/19/99	1999.2130	AMERICAN FD WA MUTUAL INVTR FD	34.66	69,292.72	[4] FM XXX-XXXXX	10/19/00	2257.1430	28.75	64,892.86			
12/21/99	213.9570	AMERICAN FD WA MUTUAL INVTR FD	29.01	6,206.90		08/24/01	115	29.67	3,412.05			
12/21/99	9.9920	AMERICAN FD WA MUTUAL INVTR FD	29.01	289.86		09/20/01	240	27.19	6,525.60			
03/22/00	11.9690	AMERICAN FD WA MUTUAL INVTR FD	26.93	322.33		09/27/01	100	26.11	2,611.00			
06/20/00	11.1020	AMERICAN FD WA MUTUAL INVTR FD	29.19	324.06		10/01/01	215	26.20	5,633.00			
09/25/00	11.1230	AMERICAN FD WA MUTUAL INVTR FD	29.28	325.67		10/03/01	88	27.16	2,390.08			
11/22/00	1608	AMERICAN FD WA MUTUAL INVTR FD	29.65	47,677.20	[4] FM XXX-XXXXX	06/26/02	150	26.77	4,015.50			
						07/09/02	50	25.80	1,290.00			
						07/29/02	150	22.69	3,403.50			
						08/06/02	125	24.03	3,003.75			
						08/07/02	50	23.57	1,178.50			
						10/03/02	49	21.92	1,074.08			
						10/08/02	58	21.90	1,270.20			
						11/25/02	218.2130	24.45	5,335.31	[4] DELIVERED		
				192,791.84			5,864.5690		175,328.15		(17,463.68)	

4 SECURITY PRICED USING BLOOMBERG, L.P. TOTAL P/(L) (\$17,463.68)

TURNOVER CALCULATION

FROM 3/30/99 TO 12/31/02 CLIENT NAME/CLIENT ACCOUNT NUMBER

TOTAL TURNOVER =	$\frac{\text{TOTAL ACTUAL PURCHASES}}{\text{AVERAGE EQUITY}} = \frac{\$2,220,866}{\$151,728} = 14.6 \text{ TIMES}$
TOTAL TURNOVER (USING LONG MKT VALUE) =	$\frac{\text{TOTAL ACTUAL PURCHASES}}{\text{AVERAGE LMV}} = \frac{\$2,220,866}{\$260,227} = 8.5 \text{ TIMES}$

ANNUALIZED TURNOVER =	$\frac{\text{TOTAL TURNOVER}}{\text{YEARS}} = \frac{14.6}{3.8} = 3.9 \text{ TIMES}$
ANNUALIZED TURNOVER (USING LONG MKT VALUE) =	$\frac{\text{TOTAL TURNOVER}}{\text{YEARS}} = \frac{8.5}{3.8} = 2.3 \text{ TIMES}$