

The Company issuing this policy is indicated by an "X" in the box to the left of the Company's name.

Executive Offices: 70 Pine Street, New York, NY 10270

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA (A Stock Insurance Company, herein called the Underwriter)

AMERICAN HOME ASSURANCE COMPANY NEW YORK, NEW YORK (A Stock Insurance Company, herein called the Underwriter)

THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA PHILADELPHIA, PA (A Stock Insurance Company, herein called the Underwriter)

APPLICATION FOR A FINANCIAL INSTITUTION BOND, STANDARD FORM NO. 14 FOR BROKERS/DEALERS

Applications is hereby made by \_\_\_\_\_

(List all Insureds, including Employee Benefit Plans)

Principal Address \_\_\_\_\_ (herein called Insured) (No.) (Street) (City) (State) (Zip)

for a \_\_\_\_\_ Financial Institution Bond, Standard Form No. 14, to become effective as of \_\_\_\_\_ (primary, excess, concurrent, co-surety, coinsured)

12:01 a.m. on \_\_\_\_\_ to 12:01 a.m. on \_\_\_\_\_ in the Aggregate Limit of Liability of \$ \_\_\_\_\_

Date Insured was established \_\_\_\_\_ Name of prior carrier \_\_\_\_\_

1. Insured is a (check the appropriate box): Stock Broker , Investment Banker , Dealer in Securities (not Dealer in Mortgages or Commercial Paper) , Investment Trust (not Small Business Investment Co. or Real Estate Investment Trust) , Mutual Fund , Foundation , Endowment Fund , Commodity Broker (if Stock Exchange Member) , Other

2. Insured is a (check the appropriate box): Sole Proprietorship , Partnership , Corporation

3. List exchanges which the Insured is a member of:

Name	Name

4. Are you a member of the National Association of Securities Dealers, Inc.? Yes  No

5. For all Named Insureds, show the total number of: No. of (a) Salaried officers and employees, retained attorneys and persons provided by employment contractors (b) NASD Registered Representatives (other than those counted in (a) above) (c) Locations (other than the Home Officer of the first Named Insured) in the U.S., Canada, Puerto Rico and Virgin Islands (d) Locations outside of the U.S., Canada, Puerto Rico and Virgin Islands, list below:

Location	Location

6. Complete the following: Total Assets (a) As of latest Dec. 31 \$ (b) As of latest June 30 \$

7. Complete the following for forms and amounts of optional coverage desired:

Form of Coverage	Amount
(a) Is Insuring Agreement D — Forgery or Alteration Coverage desired? . Yes <input type="checkbox"/> No <input type="checkbox"/>	\$ _____
(b) Is Insuring Agreement E — Securities Coverage desired? . . . . . Yes <input type="checkbox"/> No <input type="checkbox"/>	\$ _____

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7. Complete the following for forms and amounts of optional coverage desired (cont'd):

- |  |               |
|--|---------------|
|  | <u>Amount</u> |
| (c) Is Extortion — Threats to Persons Coverage desired? . . . . . Yes <input type="checkbox"/> No <input type="checkbox"/> . . . . . \$ .  |               |
| If "Yes", is coinsurance basis desired? . . . . . Yes <input type="checkbox"/> No <input type="checkbox"/>                                 |               |
| (d) Is Extortion — Threats to Property Coverage desired? . . . . . Yes <input type="checkbox"/> No <input type="checkbox"/> . . . . . \$ . |               |
| (e) Is Computer Systems Coverage desired? . . . . . Yes <input type="checkbox"/> No <input type="checkbox"/> . . . . . \$ _____            |               |

If "Yes", complete the following:

(1) Check Computer Systems to be covered:

- a. C.H.I.P.S. , S.W.I.F.T. , Your Proprietary System ,  
 Other Systems **excluding** leased, shared or other Automated Teller Machine Systems not accessed to  
 your Proprietary System, list below:

	<u>Name</u>
_____	_____
_____	_____

- b. Leased, shared or other Automated Teller Machine Systems not accessed to your Proprietary System, list below:

	<u>Name</u>	<u>No. of Machines</u>
_____	_____	_____
_____	_____	_____

(2) If coverage on your Proprietary System is desired, complete the following:

- a. Number of independent software contractors or service bureaus authorized to design, develop, prepare,  
 supply, service, write or implement programs for your Proprietary System \_\_\_\_\_
- b. Is customer access to your Proprietary System, except by  
 Automated Teller Machine, permitted? . . . . . Yes  No

- (f) Is coverage desired on businesses engaged in the data processing of your checks or  
 other accounting records? . . . . . Yes  No

If "Yes", list below the name and location of each data processor:

<u>Name &amp; Location</u>	<u>Name &amp; Location</u>
_____	_____
_____	_____

- (g) If you are a partnership, is coverage desired on your partners? . . . Yes  No  Amount  
\$

If "Yes", list below the name of each partner:

<u>Name</u>	<u>Name</u>
_____	_____
_____	_____

8. Are you a direct participant in a depository for the central handling of securities? . . . Yes  No
- If "Yes", list below the name and location of each depository:

<u>Name &amp; Location</u>	<u>Name &amp; Location</u>
_____	_____
_____	_____

9. If deductibles are desired, complete the following: (Deductibles on Insuring Agreements (D) and (E) must be at least equal to that carried on the Basic Bond Coverage.)

	<u>Coverages</u>	<u>Amount</u>
All except (D) and (E) . . . . .	\$ _____	
(D) Forgery or Alteration . . . . .	\$ _____	
(E) Securities . . . . .	\$ _____	

10. If coverage is being written on an excess, concurrent or co-surety basis, show names of other carriers, bond amounts and (in the case of co-surety) percentage participations: \_\_\_\_\_

_____
_____

11. If coverage is being written on a coinsurance basis, show Insured's percentage participation \_\_\_\_\_%.  
 (Note: Insured may assume a participation of between 5% and 25%.)

12. Are accounts insured by the Securities Investors Protection Corporation? Yes  No

13. AUDIT PROCEDURES:

- (a) Is there an annual , semi-annual  audit by an independent CPA? . . . . . Yes  No
- (b) If "Yes", is it a complete audit made in accordance with generally accepted auditing standards and so certified? . . . . . Yes  No
- (c) If the answer to (b) is "No", explain the scope of the CPA's examination \_\_\_\_\_
- (d) Is the audit report rendered directly to all partners if a partnership or to the Board of Directors if a corporation? . . . . . Yes  No
- (e) Name and Location of CPA \_\_\_\_\_
- (f) Date of completion of the last audit by CPA \_\_\_\_\_
- (g) Is there a continuous internal audit by an Internal Audit Department? . . . . . Yes  No
- (h) If "Yes", are monthly reports rendered directly to all partners if a partnership or to the Board of Directors if a corporation? . . . . . Yes  No
- (i) Are money and securities actually counted and verified? . . . . . Yes  No
- (j) Are the ledger balances to the credit of customers verified? . . . . . Yes  No

14. INTERNAL CONTROLS (OTHER THAN AUDIT PROCEDURES):

- (a) Do you require annual vacations of at least two consecutive weeks for all personnel? Yes  No   
 If "No", explain: \_\_\_\_\_
- (b) Is there countersignature of checks and bank reconciliation by person(s) not authorized to deposit or withdraw? . . . . . Yes  No   
 If "No", explain: \_\_\_\_\_
- (c) Are monthly statements (whether or not there was activity in the account) mailed directly to all customers? . . . . . Yes  No   
 If "No", explain: \_\_\_\_\_

15. Has there been any change in ownership or management within the past three years? Yes  No   
 If "Yes", explain: \_\_\_\_\_

16. Has any insurance been declined or canceled during the past three years? Yes  No   
 If "Yes", explain: \_\_\_\_\_

17. List all losses sustained during the past three years, whether reimbursed or not, from \_\_\_\_\_ to \_\_\_\_\_  
 Check if none  (month, day, year) (month, day, year)

Date of Loss	Type of Loss	Amount of Loss	Amount Recovered from Insurance	Amount Recovered from other than Insurance	Amount of Loss Pending	If loss occurred at other than Main Officer, state location
		\$	\$	\$	\$	

The insured represents that the information furnished in this application is complete, true and correct. Any misrepresentation, omission, concealment or incorrect statement of a material fact, in this application or otherwise, shall be grounds for the rescission of any bond issued in reliance upon such information.

**NOTICE TO ARKANSAS APPLICANTS:**

**"ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT, OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON."**

**NOTICE TO COLORADO APPLICANTS:**

**"IT IS UNLAWFUL TO KNOWINGLY PROVIDE FALSE, INCOMPLETE, OR MISLEADING FACTS OR INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING OR ATTEMPTING TO DEFRAUD THE COMPANY. PENALTIES MAY INCLUDE IMPRISONMENT, FINES, DENIAL OF INSURANCE, AND CIVIL DAMAGES. ANY INSURANCE COMPANY OR AGENT OF AN INSURANCE COMPANY WHO KNOWINGLY PROVIDES FALSE, INCOMPLETE, OR MISLEADING FACTS OR INFORMATION TO A POLICYHOLDER OR CLAIMANT FOR THE PURPOSE OF DEFRAUDING OR ATTEMPTING TO DEFRAUD THE POLICYHOLDER OR CLAIMANT WITH REGARD TO A SETTLEMENT OR AWARD PAYABLE FROM INSURANCE PROCEEDS SHALL BE REPORTED TO THE COLORADO DIVISION OF INSURANCE WITHIN THE DEPARTMENT OR REGULATORY AUTHORITIES."**

**NOTICE TO FLORIDA APPLICANTS:**

**"ANY PERSON WHO KNOWINGLY AND WITH INTENT TO INJURE, DEFRAUD, OR DECEIVE ANY INSURER FILES A STATEMENT OF CLAIM OR AN APPLICATION CONTAINING ANY FALSE, INCOMPLETE OR MISLEADING INFORMATION IS GUILTY OF A FELONY IN THE THIRD DEGREE."**

**NOTICE TO KENTUCKY APPLICANTS:**

**"ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE CONTAINING ANY MATERIALLY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME."**

**NOTICE TO MAINE APPLICANTS:**

**"IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING THE COMPANY. PENALTIES MAY INCLUDE IMPRISONMENT, FINES OR A DENIAL OF INSURANCE BENEFITS."**

**NOTICE TO MINNESOTA APPLICANTS:**

**"ANY PERSON WHO SUBMITS AN APPLICATION OR FILES A CLAIM WITH INTENT TO DEFRAUD OR HELPS COMMIT A FRAUD AGAINST AN INSURER IS GUILTY OF A CRIME."**

**NOTICE TO NEW JERSEY APPLICANTS:**

**"ANY PERSON WHO INCLUDES ANY FALSE OR MISLEADING INFORMATION ON AN APPLICATION FOR AN INSURANCE POLICY IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES."**

**NOTICE TO NEW MEXICO APPLICANTS:**

**"ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO CIVIL FINES AND CRIMINAL PENALTIES."**

**NOTICE TO NEW YORK APPLICANTS:**

**"ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION, CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME, AND SHALL ALSO BE SUBJECT TO A CIVIL PENALTY NOT TO EXCEED FIVE THOUSAND DOLLARS AND THE STATED VALUE OF THE CLAIM FOR EACH SUCH VIOLATION."**

**NOTICE TO OHIO APPLICANTS:**

**“ANY PERSON WHO, WITH INTENT TO DEFRAUD OR KNOWING THAT HE IS FACILITATING A FRAUD AGAINST AN INSURER, SUBMITS AN APPLICATION OR FILES A CLAIM CONTAINING A FALSE OR DECEPTIVE STATEMENT IS GUILTY OF INSURANCE FRAUD.”**

**NOTICE TO PENNSYLVANIA APPLICANTS:**

**“ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION OR CLAIM CONTAINING ANY FALSE INCOMPLETE OR MISLEADING INFORMATION SHALL UPON CONVICTION BE SUBJECT TO IMPRISONMENT FOR UP TO SEVEN YEARS AND PAYMENT OF A FINE OF UP TO \$15,000.”**

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_

\_\_\_\_\_ By \_\_\_\_\_  
(Insured) (Name and Title)