

### **Risk disclosure for the purchase of Low priced speculative stocks**

It is Ladenburg Thalmann & Co's policy to give this statement to you, and to obtain your signature to show that you have received it when your account trades low priced speculative securities either on a solicited or unsolicited basis. This statement contains important information - and you should read it carefully before you sign it, and before you continue to purchase low priced stocks. Please return this signed acknowledgment as soon as possible.

#### **Low Priced/Small Cap stocks can be very risky.**

Penny stocks are low-priced shares of small companies. Small cap company stocks may trade infrequently - which means that it may be difficult to sell once you own them. Because it may also be difficult to find quotations for small cap companies, they may be impossible to accurately price. Investors in speculative stock should be prepared for the possibility that they may lose their whole investment.

While low priced stocks generally trade over-the-counter, they may also trade on U.S. securities exchanges, facilities of U.S. exchanges, or foreign exchanges. You should learn about the market in which the stock trades to determine how much demand there is for this stock and how difficult it will be to sell. Be especially careful if your broker is offering to sell you newly issued penny stock that has no established trading market.

#### **Information you should get.**

In addition to this statement, your broker should obtain from you a statement of your financial situation, investment objectives and risk tolerance providing him with the ability to determine the suitability of speculative stocks as an investment for you. The firm must always send to you a confirmation of every trade affected in your account. You should examine each and every confirmation and advise Ladenburg's compliance department if you did not authorize a trade.

***After you buy speculative stocks***, your brokerage firm must send you a monthly account statement that gives an estimate of the value of each stock in your account, if there is enough information to make an estimate. If the firm has not bought or sold any stocks for your account for three months, it can provide these statements on a quarterly basis.

Additional information about low-priced securities - including penny stocks - is available on the SEC's Web site at <http://www.sec.gov/investor/pubs/microcapstock.htm>. If you have problems or questions related to this letter please contact the firm's compliance officer.

**Robert Mateicka**, Chief Compliance Officer, 212-409-2021

**Your Account number** \_\_\_\_\_

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**Client Signatures**