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Transcript Exhibit(s)

Docket #(s): S-20757A-10-0373

Arizona Corporation Commission
DOCKETED
OCT 22 2013
DOCKETED BY

Exhibit #: S1a, S1b, S2a, S2b, S3, S4, S5a, S5b, S5c, S5d, S6a, S6b, S7, S8a, S8b, S8c, S9-S15, S16a, sS16b, S17-S19, S20a, S20b, S20c, S21a, S22a, S22b, S22c, S22d, S23a, S23b, S24a, S24a, S24b, S24c, S24d, S25a, S25b, S26a, S26b, S26c, S27a, S27b, S28a, S28b, S29a, S29b, S29c PART 1 OF 2. FOR PART 2 PLEASE SEE BARCODE 0000148346

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To: Docket Control

Date: October 22, 2013

Re: Richard Schmerman, et al.
S-20757A-10-0373
Evidentiary Hearing
September 30 and October 1 and 2, 2013
Volumes I though III, Concluded

STATUS OF ORIGINAL EXHIBITS

FILED WITH DOCKET CONTROL

Please refer to the attached 15 index pages identifying all exhibits filed with Docket Control, except as follows:

EXHIBITS RETURNED TO PARTIES

Securities (S Exhibits)

S-66b, S-68, S-69b Not offered

EXHIBIT NUMBER NOT UTILIZED
Not given to the reporter

Securities (S Exhibits)

S-58a

Copy to:

Marc E. Stern, Administrative Law Judge
Paul Huynh, Esq., Staff

INDEX TO EXHIBITS

NO.	DESCRIPTION	IDENTIFIED	ADMITTED
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NO.	DESCRIPTION	IDENTIFIED	ADMITTED
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NO.	DESCRIPTION	IDENTIFIED	ADMITTED
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(NOTE: Exhibit S-58a not utilized.)

STATE OF ARIZONA

Corporation Commission

CERTIFICATION

I, Mark Dinell, certify that I am the Assistant Director of the Arizona Corporation Commission's Securities Division and that I have legal custody of the records of the Securities Division. I certify that I have directed a diligent search of the Securities Division records and the records reflect that **Richard Mark Schmerman** was registered with the Arizona Corporation Commission as a securities salesman during the periods of November 6, 1986, to March 13, 2008, and May 15, 2008, to March 10, 2010. During the period of June 3, 2008, to March 10, 2010, Richard Mark Schmerman was also licensed with the Arizona Corporation Commission as an Investment Adviser Representative with United Planners' Financial Services of America A Limited Partner (20804). From March 11, 2010, to August 15, 2012, Richard Mark Schmerman has not registered with the Arizona Corporation Commission as a securities salesman or dealer pursuant to Article 9 of the Securities Act of Arizona (A.R.S. § 44-1941 *et seq.*); and has not made a notice filing or license with the Arizona Corporation Commission as an investment adviser or investment adviser representative pursuant to Article 4 of the Arizona Investment Management Act (A.R.S. § 44-3151 *et seq.*) Richard Mark Schmerman filed a U4 application on May 28, 2010, for licensure as an Investment Adviser Representative with Diversified Financial Planners, LLC (153935); that application is still pending.

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND AND AFFIXED THE OFFICIAL SEAL OF THE ARIZONA CORPORATION COMMISSION, AT THE CAPITOL, IN THE CITY OF PHOENIX, THIS 20th DAY OF AUGUST, 2012.

BY _____

Mark Dinell
Assistant Director
Securities Division

EXHIBIT
S-1a
ADMITTED

STATE OF ARIZONA

Corporation Commission

CERTIFICATION

I, Mark Dinell, certify that I am the Assistant Director of the Arizona Corporation Commission's Securities Division and that I have legal custody of the records of the Securities Division. I certify that I have directed a diligent search of the Securities Division records and the records reflect that during the period of September 1, 1995, to August 15, 2012, **Diversified Financial Planners, LLC or Diversified Financial Planners or Diversified Financial** has not filed with the Arizona Corporation Commission a notice pursuant to A.R.S. § 44-1850 of the Securities Act of Arizona or Article 12 of the Arizona Investment Management Act (A.R.S. § 44-3321 *et seq.*); has not registered securities with the Arizona Corporation Commission by description pursuant to Article 6 of the Securities Act of Arizona (A.R.S. § 44-1871 *et seq.*) or by qualification pursuant to Article 7 of the Securities Act of Arizona (A.R.S. § 44-1891 *et seq.*); has not registered with the Arizona Corporation Commission as a dealer pursuant to Article 9 of the Securities Act of Arizona (A.R.S. § 44-1941 *et seq.*); and has not made a notice filing or licensed with the Arizona Corporation Commission as an investment adviser pursuant to Article 4 of the Arizona Investment Management Act (A.R.S. § 44-3151 *et seq.*). **Diversified Financial Planners, LLC** filed a Form ADV application with the Arizona Corporation Commission on May 26, 2010, requesting licensure as an Investment Adviser in Arizona; that application is still pending.

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND AND AFFIXED THE OFFICIAL SEAL OF THE ARIZONA CORPORATION COMMISSION, AT THE CAPITOL, IN THE CITY OF PHOENIX, THIS 20th DAY OF AUGUST, 2012.

BY _____

Mark Dinell
Assistant Director
Securities Division

EXHIBIT
S-1b
ADMITTED

Registered Name
Information Search
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Instructions

General Information

File ID	467648
Description	Trade Name
Status	Active
Name	DIVERSIFIED FINANCIAL
Address 1	5312 NORTH 12TH STREET
Address 2	SUITE 301
City	PHOENIX
State	AZ
ZIP	85014-
Phone	602-224-6040
Business Type	FINANCIAL ADVISORY
Domestic Begin Date	6/4/1986
Registered Date	8/6/2009

Agent/Owner Information

Agent ID	Type	Fullname	Address	City	State	ZIP	Phone
936572	Owner	RICHARD M SCHMERMAN	5312 NORTH 12TH STREET SUITE 301	PHOENIX	AZ	85014-	602-224-6040

Registration Information

Received	Amended	Assigned	Expiration	Cancelled	Revoked
8/6/2009			8/6/2014		

Correspondence History

Description	Date	Printed	Filmed	Loc. No.	Page No.	Pages
Application	8/6/2009	8/19/2009 9:07:31 AM				1

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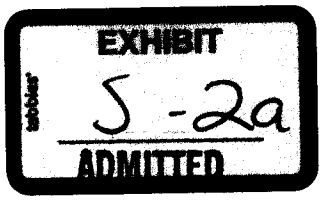


Office Use 467648

Please mail Registration and make check payable to:
Secretary of State Ken Bennett / Trade Name Division
1700 West Washington 7th Fl. Phoenix, Arizona 85007
Walk-in service: 14 N. 18th Ave., Phoenix, Arizona
Tucson Office: 400 W. Congress, Ste. 252
(602) 542-6187
(800) 458-5842 (within Arizona)
Filing Fee: $10.00

FILED
AUG - 6 2009
ARIZONA SECRETARY OF STATE

08/12/2009 8:49AM 000004729 ****
TRADE NAME $10.00

APPLICATION FOR REGISTRATION OF TRADE NAME
(A.R.S. §44-1460)

The Registration of Trade Names and Trademarks is not legally required in Arizona, but is an accepted business practice. This is a registration for an Arizona Trade Name only in accordance with A.R.S. §44-1460. The registration of a trade name is a public record and goes not constitute exclusive rights to the holder of the name. Names with a corporate ending (e.g., Inc., LLC or Ltd.) are not acceptable.

Please clearly print or type your application to avoid registration errors.

Name, title or designation to be registered: Diversified Financial

Name of Applicant(s): Richard M. Schmerman
(If more than 1 applicant, an "or" designation is assumed unless otherwise indicated)

Your certificate and renewal notices are dependent on accurate address information including suite numbers. Remember to update your registration if you move.

Business Address: 5312 North 12th Street Suite 301 Phoenix, AZ 85014
Street or Box Number City State Zip

Phone (Optional): (602) 224-6040

Applicant must check one. Do not select "Corporation" or "LLC" if you are not currently incorporated, or your application will be returned to you.

- [x] Individual
- [ ] Partnership
- [ ] Corporation
- [ ] Foreign corporation licensed to do business in Arizona
- [ ] Association
- [ ] LLC
- [ ] Organization
- [ ] Other

The date in which the name, title or designation was first used by the applicant within this state. This date must be today's date or prior to today's date: June 4 1986
Month Day Year

General nature of business conducted: Financial Advisory

Richard M. Schmerman
Applicant's Printed Name

Applicant's Signature

Applicant's Printed Name

Applicant's Signature

OFFICIAL SEAL
ROBERT SCHENBERG
Notary Public – State of Arizona
MARICOPA COUNTY
My Comm. Expires April 12, 2011

State of Arizona
County of Maricopa

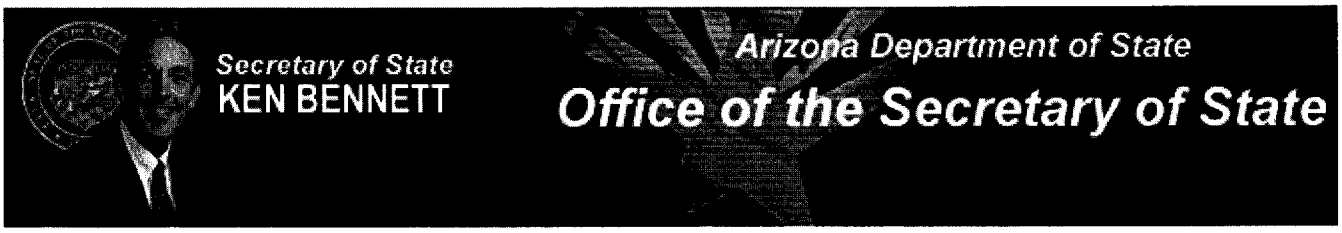
On this 4th day of August, 2009, Richard Schmerman
(Name of Applicant)
personally appeared before me and acknowledged that he/she signed this document for it's stated purpose.

Notary Public

The foregoing document is a complete, true and correct copy of the document filed with the Arizona Secretary of State.

By _____

Date 5-8-72



Registered Name
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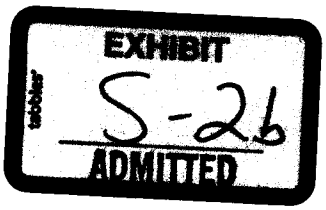

Instructions

General Information

File ID	234844
Description	Trade Name
Status	Active
Name	DIVERSIFIED FINANCIAL PLANNERS
Address 1	5312 NORTH 12TH STREET, SUITE 301
City	PHOENIX
State	AZ
ZIP	85014-
Phone	602-224-6040
Business Type	TAX PREPRATION AND PORTFOLIO MANAGEMENT SERVICES
Domestic Begin Date	2/1/1986

Agent/Owner Information

Agent ID	Type	Fullname	Address	City	State	ZIP	Phone
315197	Owner	RICHARD M. SCHMERMAN	5312 NORTH 12TH STREET, SUITE 301	PHOENIX	AZ	85014-	

Registration Information

Received	Amended	Assigned	Expiration	Cancelled	Revoked
7/20/2010			8/7/2015		
6/16/2005			8/7/2010		
8/7/2000			8/7/2005		

Correspondence History

Description	Date	Printed	Filmed	Loc. No.	Page No.	Pages
Renewal	7/20/2010	7/20/2010 3:55:47 PM				1
Renewal	6/16/2005	7/6/2005 9:37:51 AM				1
Application	8/7/2000	1/3/2001	1/29/2001	4624	45	1

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Please email your comments or questions regarding this system to trades@azsos.gov. We appreciate any feedback.

Disclaimer

Office Use 234844 PT
Approved by: _____

FILED

2000 AUG -7 A 11: 18

SECRETARY OF STATE

Please mail registration to:
Betsey Bayless
Secretary of State
Trade Name Division
1700 West Washington 7th Floor
Phoenix, Arizona 85007

602/542-6187
Filing Fee: $10.00

APPLICATION FOR REGISTRATION OF TRADE NAME

The Registration of Trade Names and Trademarks is not legally required in Arizona, but is an accepted business practice. This is a registration for an Arizona Trade Name only in accordance with A.R.S. §44-1460. This certificate does not in any way constitute the registration of an Internet Domain Name. Please note we do not register corporation names (e.g., ABC Inc.). **Please clearly print or type your application to avoid registration errors.**

Name, title or designation to be registered: Diversified Financial Planners

Name of Applicant(s): Richard M. Schmerman

Your certificate and renewal notices are dependent on accurate address information including suite numbers. Remember to update your registration if you move.

Business Address: 312 North 12th Street Suite 301 Phoenix, AZ 85014
Street or Box Number City State Zip

Phone (Optional): (602) 224-6040

Applicant must check one. Do not select "Corporation" or "LLC" if you are not currently incorporated, or your application will be returned to you.

- [x] Person
- [ ] Firm
- [ ] Arizona Corporation
- [ ] LLC
- [ ] Foreign Corporation licensed to do business in Arizona
- [ ] Partnership
- [ ] Association
- [ ] Society
- [ ] Organization

The date in which the name, title or designation was first used by the applicant within this state. This date must be today's date or prior to today's date: February 1, 1986
Month Day Year

General nature of business conducted: Tax Preparation and Portfolio Management Services

Richard M. Schmerman
Applicant's Printed Name

Applicant's Signature

State of _____

County of _____

Acknowledged before me on this _____ day of _____

_____
Notary Public

FOR OFFICE USE ONLY:
Photo ID [redacted]
Verified by [redacted]

Printed Name Title

MAIL TO:
Janice K. Brewer
Secretary of State, ATTN: Trades
1700 W. Washington St.
Phoenix, AZ 85007
FILING FEE: $10.00

No. 234844

JUN 16 2005
ARIZONA SECRETARY OF STATE

Correct telephone number
(602) 224-6040

Trade Name No. 234844 for:
DIVERSIFIED FINANCIAL PLANNERS

ATTN: RICHARD M. SCHMERMAN
5312 NORTH 12TH STREET, SUITE 301
PHOENIX, AZ 85014-

General Nature of Business: TAX PREPRATION AND PORTFOLIO MANAGEMENT SERVICES. 602-2244

In accordance with Section 44-1460, the Trade Name stated above will expire on 8/7/2005. Please mark and fill in any of the correspondence items below to renew your Trade Name.

Your certificate and future renewal notices are dependent on accurate information including suite numbers. Remember to update your record if you move.

Ownership of a Trade Name may not be transferred on this form.

- The information stated above is correct, enclosed is a check made payable to the Secretary of State for renewal of this Trade Name.
- The information is correct, except the business address has changed to:

  _____
  Address Including Suite Number

  _____ _____ _____
  City State Zip Code

- The general nature of business or other has changed to: _____

If you do not wish to renew your Trade Name or fail to file this application by the expiration date above, understand that the Trade Name will expire and become available for registration by another applicant.

This renewal application only satisfies the continuation of your Trade Name. Any changes of ownership of the Trade Name must be submitted on a Trade Name Assignment Application. Additional filing information is available online at http://www.sos.state.az.us or by calling 602-542-6187 or 800-458-5842.

Applicants Signature

Richard M. Schmerman Diversified financial
Applicants Printed Name / Title

06-13-2005
Date

(602) 224-6040
Phone Number

SECRETARY OF STATE
2010 JUL 20 PM 3:54

Office Use _____
Approved by _____

FILED

Please mail registration and make check payable to:
Secretary of State Ken Bennett / Trade Name Division
1700 W. Washington 7th Fl. Phoenix, Arizona 85007
Walk-in service: Phoenix: 1700 W. Washington, 1st Fl., Room 103
Tucson: 400 W. Congress, Ste. 252
(602) 542-6187
(800) 458-5942 (within Arizona)
Filing Fee: $10.00

07/20/2010 3:55PM 000004#7704 ****
TRADE NAME $10.00

APPLICATION FOR RENEWAL OF TRADE NAME

(A.R.S. Title 44, Chapter 10, Article 3.1)

This renewal application only satisfies the continuation of your Trade Name. Any changes of ownership of the Trade Name must be submitted on a Trade Name Assignment Application. If you do not wish to renew your Trade Name or fail to file this application by the expiration date, please understand that the Trade Name will expire and become available for registration by another applicant.

Trade Name: Diversified Financial Planners Registration number: 234844

Your certificate and future renewal notices are dependent on accurate address information including suite numbers. Please update your record if you relocate.

Applicant Name(s): Richard M. Schmerman
(If more than 1 applicant, an "or" designation is assumed unless otherwise indicated)

Business Address 5312 N. 12th Street, Suite 301 | Phoenix | AZ | 85014
Street or Box # | City | State | Zip

Is this a new address? ☐ Yes ☑ No

Phone number (optional): _____

Applicant must check one. Do not select "Corporation" or "LLC" if you are not currently incorporated, or your application will be returned to you.

☑ Individual ☐ Foreign corporation licensed to do business in Arizona
☐ Partnership ☐ Association ☐ Organization
☐ Corporation ☐ LLC ☐ Other _____

Original Date of Registration: 8/7/2000

Richard M. Schmerman — 07-16-2010
Applicant's Printed Name/Title — Applicant's Signature — Date

Applicant's Printed Name/Title — Applicant's Signature — Date

TN mwn Revision 093009

The foregoing document is a complete, true and correct copy of the document filed with the Arizona Secretary of State.

By _____

Date 8/17/12

3 Pages.

STATE OF ARIZONA

Office of the
CORPORATION COMMISSION

I, Ernest G. Johnson, Executive Director of the Arizona Corporation Commission, do hereby certify that the attached copy of the following document:

ARTICLES OF ORGANIZATION 05/06/2010

consisting of 2 pages, is a true and complete copy of the original of said document on file with this office for:

DIVERSIFIED FINANCIAL PLANNERS, LLC
ACC file number: L1600954-7

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission on this date: May 8, 2012.

EXHIBIT
S-3
ADMITTED

Executive Director

By:

03107284

AZ CORPORATION COMMISSION
FILED

MAY 0 6 2010

FILE NO. L1600954

DO NOT WRITE ABOVE THIS LINE, FOR ACC USE ONLY

ARTICLES OF ORGANIZATION

DO NOT PUBLISH THIS SECTION
NOTE: A professional limited liability company is an LLC organized for the purpose of rendering one or more categories of professional service. Professional service is defined as a service that may be lawfully rendered only by a person licensed in this state to render the service.

1. The LLC name must contain the words "limited liability company or "limited company" or the abbreviations "L.L.C.", "L.C.", "LLC", or "LC". The Professional LLC name must contain the words "professional limited liability company or the abbreviations "P.L.L.C.", "P.L.C.", "PLLC", or "PLC."

2. Must be an Arizona address. DO NOT LEAVE THIS SECTION BLANK

3. If the statutory agent has a PO BOX then they must also provide a physical address or description of the location.

The agent must sign the articles or provide written consent to acceptance of the appointment.

Select one. This form may be used for:

☑ **ARIZONA LIMITED LIABILITY COMPANY (A.R.S. §29-632)**

☐ **ARIZONA PROFESSIONAL LIMITED LIABILITY COMPANY (A.R.S. §29-641.01)**

1. The name of the organization:

A. _____
LLC Name Reservation File Number (If one has been obtained). If not, leave this line blank

B. Diversified Financial Planners, LLC
Limited Liability Company Name

2. Known place of business in Arizona (If address is the same as the street address of the statutory agent, write "same as statutory agent". DO NOT LEAVE THIS SECTION BLANK)

Address 5312 North 12th Street, Suite 301

City Phoenix State Arizona Zip 85014

3. The name and street address of the statutory agent in Arizona

Name Richard M. Schmerman

Address 2613 East Mitchell Drive

City Phoenix State Arizona Zip 85016

Acceptance of Appointment by Statutory Agent:

I Richard M. Schmerman, having been designated to act as
(Print Name of the Statutory Agent)
Statutory Agent, hereby consent to act in that capacity until removed or resignation is submitted in accordance with the Arizona Revised Statute.

Agent Signature: R. Schmerman

_____
If signing on behalf of a company, please print the company name here.

DO NOT PUBLISH THIS SECTION
4. Only required for professional limited liability company. The purpose must state the professional service or services that the company is organized to perform. Professional service is defined as a service that may be lawfully rendered only by a person licensed in this state to render the service.

5. The latest date, if any, on which the Company must dissolve. If a dissolution date should include the month, day and year. Perpetual *means continuing forever or indefinitely*

6. Check which management structure will be applicable to your company. Provide name, title and address for each person.

6A. If reserved to the member(s), check the member's box and provide the name(s) and address (es) of each member. NOTE: If reserved to the member(s) you *cannot* list any manager.

6B. If vested in manager(s) check the manager's box and provide the name(s) and address (es) of each manager and each member who owns a twenty (20%) percent or greater interest in the capital or profits of the LLC/ PLLC.

The person (s) executing this document need not be a manager or member of the company.

4. Purpose of this (Professional) Limited Liability Company is to provide the following (professional) service(s): (Only required for a Professional LLC Company)

_____

5. Dissolution: The latest date of Dissolution

☐ The latest date to dissolve ___/___/_____ (Please enter month, day and four digit year)

☑ The Limited Liability Company is Perpetual

6. Management Structure: *(Check one box only)* A.R.S. §29-532(5)

A. ☑ RESERVED TO THE MEMBER(S)
IF RESERVED TO THE MEMBER(S), YOU MAY SELECT ONLY THE MEMBER BOX FOR EACH MEMBER LISTED.

B. ☐ VESTED IN MANAGER(S)
IF VESTED IN THE MANAGER(S), AT LEAST ONE ENTRY BELOW MUST HAVE THE MANAGER BOX CHECKED.

Name Richard M. Schmerman
☑ Member ☐ Manager (only if "B" is selected above)
Address: 5312 North 12th Street, Suite 301
City, Phoenix State, AZ Zip: 85014

Name _____
☐ Member ☐ Manager (only if "B" is selected above)
Address: _____
City, _____ State, _____ Zip: _____

Name _____
☐ Member ☐ Manager (only if "B" is selected above)
Address: _____
City, _____ State, _____ Zip: _____

Name _____
☐ Member ☐ Manager (only if "B" is selected above)
Address: _____
City, _____ State, _____ Zip: _____

IF YOU NEED MORE SPACE FOR LISTING MEMBERS / MANAGERS PLEASE ATTACH THE ADDITIONAL PAGE TO THE ARTICLES OF ORGANIZATION.

Executed this 6th day of May, 2010

Executed by: [signature] Print Name Richard M. Schmerman

_____
If signing on behalf of a company, please print the company name here.

Phone Number: (602) 224-6040 Fax Number: (602) 266-5307

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010022046001

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Richard Mark Schmetman, Respondent
CRD No. 1302988

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent submits this Letter of Acceptance, Waiver and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

A. I hereby accept and consent, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Respondent entered the securities industry in 1984. He was associated with Mutual Service Corporation from March 31, 1999 through March 12, 2008, where he was registered as a general securities representative, general securities principal and a registered options principal. Respondent was associated with United Planners' Financial Services of America a Limited Partner (UPF) from May 13, 2008, the date he signed his Uniform Application for Securities Industry Registration or Transfer (Form U4), through March 10, 2010, where he was registered as a general securities representative, general securities principal and a registered options principal. Respondent conducted his securities business through his dba Diversified Financial Planners (DFP). Respondent is not currently associated with a member firm and has no relevant prior disciplinary history.

EXHIBIT
S-4
ADMITTED

OVERVIEW

On or about March 10, 2010, Respondent was terminated from UPF for "coming[ing] client assets with his checking account." Shortly thereafter, FINRA staff commenced an investigation. Initial information obtained from UPF and Respondent indicated that Respondent may have misused/misappropriated both customer and non-customer funds. Consequently, on November 23, 2010, staff sent Respondent a Rule 8210 request seeking information and documentation regarding the same. After receiving multiple extensions of time to respond to FINRA's Rule 8210 request, Respondent, through counsel, advised FINRA staff that he would not provide the requested information and documentation.

Notwithstanding Respondent's decision to not respond to the November 23, 2010 Rule 8210 request, FINRA continued its investigation and obtained sufficient evidence to establish that Respondent misused funds belonging to GA and EA. Additionally, FINRA found that Respondent failed to disclose both a federal tax lien and a judgment lien on his Form U4.

FACTS AND VIOLATIVE CONDUCT

Misuse of Non-Customer Funds

During the period of May 2005 through March 12, 2008, and May 13, 2008 through March 10, 2010, Respondent misused funds belonging to GA and/or EA without their knowledge, consent or authorization. As discussed in greater detail below, Respondent failed to invest GA's and EA's funds in CS brokerage accounts as represented, and as GA and EA intended and believed.

In May 2005, GA tendered $175,000 to Respondent for investment purposes, which Respondent deposited into his DFP bank account. Respondent told GA that her investment funds were held in an institutional brokerage account with FINRA member firm, CS. Respondent provided GA with account statements and made regular monetary distributions to her with funds purportedly from her CS brokerage account. On or about August 14, 2008, GA gifted the funds remaining in her purported CS brokerage account (totaling approximately $117,204) to EA. Respondent advised that the funds were transferred to a CS institutional brokerage account that he had established in EA's name. Respondent provided EA with account statements and made regular distributions to her with funds purportedly from her CS brokerage account. In February 2010, after Respondent failed to make requested distributions from the CS brokerage account, EA contacted CS directly. At that time, CS told EA that her CS brokerage account had never been funded. Similarly, GA's investment funds, prior to being gifted to EA, had never been held in a CS brokerage account. By mid-March 2010, all of EA's investment funds had been returned to her.

Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 2110 and FINRA Rule 2010 on the part of Respondent.

Failure to Respond to Rule 8210 Request for Information

On November 23, 2010, FINRA staff sent a Rule 8210 request to Respondent to obtain information and documentation regarding Respondent's possible misuse or misappropriation of customer and non-customer funds. After being granted two extensions of time to respond, Respondent, through counsel, advised FINRA that he would not provide FINRA staff with the requested information and documentation. By failing to provide requested information and documents, Respondent violated FINRA Rules 8210 and 2010.

Failure to Disclose Both a Tax Lien and a Judgment Lien

On September 18, 2007, the IRS filed a tax lien against Respondent and his wife in the total amount of $93,273.50. The lien was for unpaid taxes for the years 2002, 2003 and 2004. To date, this tax lien remains unsatisfied. Respondent signed his Form U4 for UPF on May 13, 2008. In response to question 14M – "Do you have any unsatisfied judgments or liens against you?" – Respondent answered "no." This answer was not correct since a tax lien had been filed against Respondent in September 18, 2007. Respondent never amended his Form U4 to disclose this federal tax lien.

On February 21, 2008, CB USA NA brought suit against Respondent and his spouse in the Maricopa County, Arizona Superior Court. A judgment in the approximate amount of $300 was subsequently entered in favor of CB USA NA and against Respondent and his spouse. A judgment lien was filed in this matter on August 6, 2008. While the judgment lien remained unsatisfied through December 30, 2009, Respondent never amended his Form U4 to disclose the CB USA NA judgment lien.

On October 21, 2008, Respondent completed UFP's 2008 Annual Compliance Questionnaire. Respondent responded "No" to question number 6 which reads as follows: In the past year have any judgments or tax liens been entered against you. Respondent also responded "no" to this question on December 14, 2009 when he completed UFP's 2009 Annual Compliance Questionnaire.

Respondent violated Rule 2110 and IM-1000-1 when he failed to disclose the 2007 federal tax lien on the Form U4 he completed for UPF on May 13, 2008. He violated Article V, Section 2(c), NASD Conduct Rule 2110, IM-1000-1, FINRA Rule 1122 and FINRA Rule 2010 when he failed to amend his Form U4 to disclose the tax lien and the CB USA NA judgment.

B. I also consent to the imposition of the following sanctions:

A bar from association with any FINRA member in any capacity.

I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (*see* FINRA Rules 8310 and 8311).

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval of this AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

A. To have a Complaint issued specifying the allegations against me;

B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;

C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and

D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, I specifically and voluntarily waive any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

I further specifically and voluntarily waive any right to claim that a person violated the *ex parte*

prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

I understand that:

A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;

B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and

C. If accepted:

1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;

2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my disciplinary record;

3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and

4. I may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. I may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that

no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

08-02-2011
Date

Richard Mark Schmerman

Reviewed by:

Alan Baskin, Esq.
Bade & Baskin, PLC
80 E. Rio Salado Parkway, Suite 511
Tempe, Arizona 85281

Accepted by FINRA:

8-15-2011
Date

Signed on behalf of the
Director of ODA, by delegated authority

Heather Hawker
Senior Regional Counsel
FINRA Department of Enforcement
4600 S. Syracuse St., Suite 1400
Denver, Colorado 80237-2719
(303) 446-3110
Fax No. (303) 620-9450
heather.hawker@finra.org

Filing History

Organization CRD#: 153935	**Primary Business Name:** DIVERSIFIED FINANCIAL PLANNERS, LLC
Organization SEC#:	**Full Legal Name:** DIVERSIFIED FINANCIAL PLANNERS, LLC
No BD Record	**Electronic Filer**

Filing ID	Form Type	Filing Types	Filing Date	Section Changed
492648	ADV	Other-Than-Annual Amendment	08/26/2010	Financial Industry Affiliations, ADV Part 2
483931	ADV	Other-Than-Annual Amendment	06/21/2010	Other Business Activities, ADV Part 2
479703	ADV	State Initial	05/26/2010	Identifying Information, Form of Organization, Successions, Information About Your Advisory Business, Other Business Activities, Financial Industry Affiliations, Participation or Interest in Client Transactions, Custody, Control Persons, Disciplinary Information, Schedule A, State Registration, Additional Information, ADV Part 1B, ADV Part 2

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EXHIBIT
S-5a
ADMITTED

FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: DIVERSIFIED FINANCIAL PLANNERS, LLC **CRD Number: 153935**
ADV - State Initial, Page 1 **Rev. 02/2005**
5/26/2010 4:22:14 PM

ADV Part 1A, Page 1

WARNING: Complete this form truthfully. False statements or omissions may result in denial of your application, revocation of your registration, or criminal prosecution. You must keep this form updated by filing periodic amendments. See Form ADV General Instruction 3.

Item 1 Identifying Information

Responses to this Item tell us who you are, where you are doing business, and how we can contact you.

A. Your full legal name (if you are a sole proprietor, your last, first, and middle names):
DIVERSIFIED FINANCIAL PLANNERS, LLC

B. Name under which you primarily conduct your advisory business, if different from Item 1.A.
DIVERSIFIED FINANCIAL PLANNERS, LLC
List on Section 1.B. of Schedule D any additional names under which you conduct your advisory business.

C. If this filing is reporting a change in your legal name (Item 1.A.) or primary business name (Item 1.B.), enter the new name and specify whether the name change is of
☐ your legal name or ☐ your primary business name:

D. If you are registered with the SEC as an investment adviser, your SEC file number: 801-

E. If you have a number ("*CRD* Number") assigned by *FINRA's CRD* system or by the IARD system, your *CRD* number: 153935
If your firm does not have a CRD number, skip this Item 1.E. Do not provide the CRD number of one of your officers, employees, or affiliates.

FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: DIVERSIFIED FINANCIAL PLANNERS, LLC **CRD Number: 153935**
ADV - State Initial, Page 2 **Rev. 02/2005**
5/26/2010 4:22:14 PM

EXHIBIT
S-56
ADMITTED

Item 1 Identifying Information (Continued)

F. *Principal Office and Place of Business*

(1) Address (do not use a P.O. Box):

Number and Street 1:		Number and Street 2:	
5312 NORTH 12TH STREET		SUITE 301	
City:	State:	Country:	ZIP+4/Postal Code:
PHOENIX	AZ	UNITED STATES	85014

If this address is a private residence, check this box: ☐

List on Section 1.F. of Schedule D any office, other than your principal office and place of business, at which you conduct investment advisory business. If you are applying for registration, or are registered, with one or more state securities authorities, you must list all of your offices in the state or states to which you are applying for registration or with whom you are registered. If you are applying for registration, or are registered only, with the SEC, list the largest five offices in terms of numbers of employees.

(2) Days of week that you normally conduct business at your *principal office and place of business*:

◉ Monday-Friday ○ Other:

Normal business hours at this location:
8:00 A.M. - 4:00 P.M.

(3) Telephone number at this location:
602-224-6040

(4) Facsimile number at this location:
602-266-5307

G. Mailing address, if different from your *principal office and place of business* address:

Number and Street 1: Number and Street 2:

City: State: Country: ZIP+4/Postal Code:

If this address is a private residence, check this box: ☐

H. If you are a sole proprietor, state your full residence address, if different from your *principal office and place of business* address in Item 1.F.:

Number and Street 1: Number and Street 2:

City: State: Country: ZIP+4/Postal Code:

FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: DIVERSIFIED FINANCIAL PLANNERS, LLC **CRD Number: 153935**
ADV - State Initial, Page 3 **Rev. 02/2005**
5/26/2010 4:22:14 PM

Item 1 Identifying Information (Continued)

	YES	NO
I. Do you have World Wide Web site addresses?	○	◉

If "yes," list these addresses on Section 1.I. of Schedule D. If a web address serves as a portal through which to access other information you have published on the World Wide Web, you may list the portal without listing addresses for all of the other information. Some advisers may need to list more than one portal address. Do not provide individual electronic mail addresses in response to this Item.

J. Contact *Employee*:

Name: Title:
RICHARD M. SCHMERMAN MEMBER

Telephone Number:		Facsimile Number:	
602-224-6040		602-266-5307	
Number and Street 1:		Number and Street 2:	
5312 NORTH 12TH STREET		SUITE 301	
City:	State:	Country:	ZIP+4/Postal Code:
PHOENIX	AZ	UNITED STATES	85014

Electronic mail (e-mail) address, if contact *employee* has one:
DFINANCIAL@AOL.COM
The contact employee should be an employee whom you have authorized to receive information and respond to questions about this Form ADV.

	YES	NO
K. Do you maintain some or all of the books and records you are required to keep under Section 204 of the Advisers Act, or similar state law, somewhere other than your *principal office and place of business*? *If "yes," complete Section 1.K. of Schedule D.*	○	◉
L. Are you registered with a *foreign financial regulatory authority*? *Answer "no" if you are not registered with a foreign financial regulatory authority, even if you have an affiliate that is registered with a foreign financial regulatory authority. If "yes", complete Section 1.L. of Schedule D.*	○	◉

FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: DIVERSIFIED FINANCIAL PLANNERS, LLC **CRD Number: 153935**
ADV - State Initial, Page 4 **Rev. 02/2005**
5/26/2010 4:22:14 PM

Item 2 SEC Registration

Responses to this Item help us (and you) determine whether you are eligible to register with the SEC. Complete this Item 2 only if you are applying for SEC registration or submitting an *annual updating amendment* to your SEC registration.

A. To register (or remain registered) with the SEC, you must check at least one of the Items 2.A(1) through 2.A(11), below. If you are submitting an *annual updating amendment* to your SEC registration and you are no longer eligible to register with the SEC, check Item 2.A(12). You:

☐ (1) have *assets under management* of $25 million (in U.S. dollars) or more;

See Part 1A Instruction 2.a. to determine whether you should check this box.

☐ (2) have your *principal office and place of business* in Wyoming;

☐ (3) have your *principal office and place of business* outside the United States;

☐ (4) are an investment adviser (or sub-adviser) to an investment company registered under the Investment Company Act of 1940;

See Part 1A Instruction 2.b. to determine whether you should check this box.

☐ (5) have been designated as a nationally recognized statistical rating organization;

See Part 1A Instruction 2.c. to determine whether you should check this box.

☐ (6) are a pension consultant that qualifies for the exemption in rule 203A-2(b);

See Part 1A Instruction 2.d. to determine whether you should check this box.

☐ (7) are relying on rule 203A-2(c) because you are an investment adviser that *controls*, is *controlled* by, or is under common *control* with, an investment adviser that is registered with the SEC, and your *principal office and place of business* is the same as the registered adviser;

See Part 1A Instruction 2.e. to determine whether you should check this box. If you check this box, complete Section 2.A(7) of Schedule D.

☐ (8) are a newly formed adviser relying on rule 203A-2(d) because you expect to be eligible for SEC registration within 120 days;

See Part 1A Instruction 2.f. to determine whether you should check this box. If you check this box, complete Section 2.A(8) of Schedule D.

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Item 2 SEC Registration (Continued)

☐ (9) are a multi-state adviser relying on rule 203A-2(e);

See Part 1A Instruction 2.g. to determine whether you should check this box. If you check this box, complete Section 2.A(9) of Schedule D.

☐ (10) are an Internet investment adviser relying on rule 203A-2(f);

See Part 1A Instructions 2.h. to determine whether you should check this box.

☐ (11) have received an SEC *order* exempting you from the prohibition against registration with the SEC;

If you checked this box, complete Section 2.A(11) of Schedule D.

☐ (12) are no longer eligible to remain registered with the SEC.

See Part 1A Instructions 2.i. to determine whether you should check this box.

B. Under state laws, SEC-registered advisers may be required to provide to *state securities authorities* a copy of the Form ADV and any amendments they file with the SEC. These are called *notice filings*. If this is an initial application, check the box(es) next to the state(s) that you would like to receive notice of this and all subsequent filings you submit to the SEC. If this is an amendment to direct your *notice filings* to additional state(s), check the box(es) next to the state(s) that you would like to receive notice of this and all subsequent filings you submit to the SEC. If this is an amendment to your registration to stop your *notice filings* from going to state(s) that currently receive them, uncheck the box(es) next to those state(s).

☐ AL	☐ ID	☐ MO	☐ PA
☐ AK	☐ IL	☐ MT	☐ PR
☐ AZ	☐ IN	☐ NE	☐ RI
☐ AR	☐ IA	☐ NV	☐ SC
☐ CA	☐ KS	☐ NH	☐ SD
☐ CO	☐ KY	☐ NJ	☐ TN
☐ CT	☐ LA	☐ NM	☐ TX
☐ DE	☐ ME	☐ NY	☐ UT
☐ DC	☐ MD	☐ NC	☐ VT
☐ FL	☐ MA	☐ ND	☐ VI
☐ GA	☐ MI	☐ OH	☐ VA
☐ GU	☐ MN	☐ OK	☐ WA
☐ HI	☐ MS	☐ OR	☐ WV
			☐ WI

If you are amending your registration to stop your notice filings from going to a state that currently receives them and you do not want to pay that state's notice filing fee for the coming year, your amendment must filed before the end of the year (December 31).

Item 3 Form Of Organization

A. How are you organized?

○ Corporation ○ Sole Proprietorship ○ Limited Liability Partnership (LLP)
○ Partnership ◉ Limited Liability Company (LLC) ○ Other (specify):

If you are changing your response to this Item, see Part 1A Instruction 4.

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Item 3 Form Of Organization (Continued)

B. In what month does your fiscal year end each year?
December

C. Under the laws of what state or country are you organized?

State:	Country:
Arizona	UNITED STATES

Item 4 Successions

	YES	NO
A. Are you, at the time of this filing, succeeding to the business of a registered investment adviser? *If "yes," complete Item 4.B. and Section 4 of Schedule D.*	○	◉

B. Date of Succession: (MM/DD/YYYY)

If you have already reported this succession on a previous Form ADV filing, do not report the succession again. Instead, check "No." See Part 1A Instruction 4.

Item 5 Information About Your Advisory Business

Responses to this Item help us understand your business, assist us in preparing for on-site examinations, and provide us with data we use when making regulatory policy. Part 1A Instruction 5.a. provides additional guidance to newly-formed advisers for completing this Item 5.

Employees

A. Approximately how many *employees* do you have? Include full and part-time *employees* but do not include any clerical workers.

◉ 1- 5 ○ 6-10 ○ 11-50 ○ 51-250 ○ 251-500
○ 501-1,000 ○ More than 1,000 If more than 1,000, how many? (round to the nearest 1,000)

B.

(1) Approximately how many of these *employees* perform investment advisory functions (including research)?

○ 0 ◉ 1-5 ○ 6-10 ○ 11-50 ○ 51-250
○ 251-500 ○ 501-1,000 ○ More than 1,000 If more than 1,000, how many? (round to the nearest 1,000)

(2) Approximately how many of these *employees* are registered representatives of a broker-dealer?

◉ 0 ○ 1-5 ○ 6-10 ○ 11-50 ○ 51-250
○ 251-500 ○ 501-1,000 ○ More than 1,000 If more than 1,000, how many? (round to the nearest 1,000)

If you are organized as a sole proprietorship, include yourself as an employee in your responses to Items 5.A(1) and 5.B(2). If an employee performs more than one function, you should count that employee in each of your responses to Item 5.B(1) and 5.B(2).

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Item 5 Information About Your Advisory Business (Continued)

(3) Approximately how many firms or other *persons* solicit advisory *clients* on your behalf?

- (●) 0
- ( ) 1-5
- ( ) 6-10
- ( ) 11-50
- ( ) 51-250
- ( ) 251-500
- ( ) 501-1,000
- ( ) More than 1,000

If more than 1,000, how many? (round to the nearest 1,000)

In your response to Item 5.B(3), do not count any of your employees and count a firm only once -- do not count each of the firm's employees that solicit on your behalf.

Clients

C. To approximately how many *clients* did you provide investment advisory services during your most-recently completed fiscal year?

- (●) 0
- ( ) 1-10
- ( ) 11-25
- ( ) 26-100
- ( ) 101-250
- ( ) 251-500
- ( ) More than 500

If more than 500, how many? (round to the nearest 500)

D. What types of *clients* do you have? Indicate the approximate percentage that each type of *client* comprises of your total number of *clients*.

		None	Up to 10%	11-25%	26-50%	51-75%	More Than 75%
(1)	Individuals (other than *high net worth individuals*)	(●)	( )	( )	( )	( )	( )
(2)	*High net worth individuals*	(●)	( )	( )	( )	( )	( )
(3)	Banking or thrift institutions	(●)	( )	( )	( )	( )	( )
(4)	Investment companies (including mutual funds)	(●)	( )	( )	( )	( )	( )
(5)	Pension and profit sharing plans (other than plan participants)	(●)	( )	( )	( )	( )	( )
(6)	Other pooled investment vehicles (e.g., hedge funds)	(●)	( )	( )	( )	( )	( )
(7)	Charitable organizations	(●)	( )	( )	( )	( )	( )
(8)	Corporations or other businesses not listed above	(●)	( )	( )	( )	( )	( )
(9)	State or municipal *government entities*	(●)	( )	( )	( )	( )	( )
(10)	Other:	(●)	( )	( )	( )	( )	( )

The category "individuals" includes trusts, estates, 401(k) plans and IRAs of individuals and their family members, but does not include businesses organized as sole proprietorships.

Unless you provide advisory services pursuant to an investment advisory contract to an investment company registered under the Investment Company Act of 1940, check "None" in response to Item 5.D(4).

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Item 5 Information About Your Advisory Business (Continued)

Compensation Arrangements

E. You are compensated for your investment advisory services by (check all that apply):

- [x] (1) A percentage of assets under your management
- [x] (2) Hourly charges
- [ ] (3) Subscription fees (for a newsletter or periodical)
- [x] (4) Fixed fees (other than subscription fees)
- [ ] (5) Commissions
- [ ] (6) *Performance-based fees*
- [ ] (7) Other (specify):

Assets Under Management

	YES	NO
F. (1) Do you provide continuous and regular supervisory or management services to securities portfolios?	◉	○

(2) If yes, what is the amount of your assets under management and total number of accounts?

	U.S. Dollar Amount	Total Number of Accounts
Discretionary:	(a) $ 0 .00	(d) 0
Non-Discretionary:	(b) $ 0 .00	(e) 0
Total:	(c) $ 0 .00	(f) 0

Part 1A Instruction 5.b. explains how to calculate your assets under management. You must follow these instructions carefully when completing this Item.

Advisory Activities

G. What type(s) of advisory services do you provide? Check all that apply.

- [x] (1) Financial planning services
- [x] (2) Portfolio management for individuals and/or small businesses
- [ ] (3) Portfolio management for investment companies
- [ ] (4) Portfolio management for businesses or institutional *clients* (other than investment companies)
- [ ] (5) Pension consulting services
- [ ] (6) Selection of other advisers
- [ ] (7) Publication of periodicals or newsletters

- ☐ (8) Security ratings or pricing services
- ☐ (9) Market timing services
- ☐ (10) Other (specify):

Do not check Item 5.G(3) unless you provide advisory services pursuant to an investment advisory contract to an investment company registered under the Investment Company Act of 1940.

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Item 5 Information About Your Advisory Business (Continued)

H. If you provide financial planning services, to how many *clients* did you provide these services during your last fiscal year?

◉ 0 ○ 1-10 ○ 11-25 ○ 26-50 ○ 51-100
○ 101-250 ○ 251-500 ○ More than 500 If more than 500, how many? (round to the nearest 500)

I. If you participate in a *wrap fee program*, do you (check all that apply):

- ☐ (1) *sponsor* the *wrap fee program* ?
- ☐ (2) act as a portfolio manager for the *wrap fee program*?

If you are a portfolio manager for a wrap fee program, list the names of the programs and their sponsors in Section 5.I(2) of Schedule D.

If your involvement in a wrap fee program is limited to recommending wrap fee programs to your clients , or you advise a mutual fund that is offered through a wrap fee program, do not check either Item 5.I(1) or 5.I(2).

Item 6 Other Business Activities

In this Item, we request information about your other business activities.

A. You are actively engaged in business as a (check all that apply):

- ☐ (1) Broker-dealer
- ☐ (2) Registered representative of a broker-dealer
- ☐ (3) Futures commission merchant, commodity pool operator, or commodity trading advisor
- ☐ (4) Real estate broker, dealer, or agent
- ☐ (5) Insurance broker or agent
- ☐ (6) Bank (including a separately identifiable department or division of a bank)
- ☐ (7) Other financial product salesperson (specify):

YES NO

B. (1) Are you actively engaged in any other business not listed in Item 6.A. (other than giving investment advice)? ○ ◉

(2) If yes, is this other business your primary business? ○ ◉

If "yes," describe this other business on Section 6.B. of Schedule D.

YES NO

(3) Do you sell products or provide services other than investment advice to your advisory *clients*? ○ ◉

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Item 7 Financial Industry Affiliations

In this Item, we request information about your financial industry affiliations and activities. This information identifies areas in which conflicts of interest may occur between you and your *clients*.

Item 7 requires you to provide information about you and your *related persons*. Your *related persons* are all of your *advisory affiliates* and any *person* that is under common *control* with you.

A. You have a *related person* that is a (check all that apply):

- ☐ (1) broker-dealer, municipal securities dealer, or government securities broker or dealer
- ☐ (2) investment company (including mutual funds)
- ☐ (3) other investment adviser (including financial planners)
- ☐ (4) futures commission merchant, commodity pool operator, or commodity trading advisor
- ☐ (5) banking or thrift institution
- ☑ (6) accountant or accounting firm
- ☐ (7) lawyer or law firm
- ☐ (8) insurance company or agency
- ☐ (9) pension consultant
- ☐ (10) real estate broker or dealer
- ☐ (11) sponsor or syndicator of limited partnerships

If you checked Item 7.A(3), you must list on Section 7.A. of Schedule D all your related persons that are investment advisers. If you checked Item 7.A(1), you may elect to list on Section 7.A. of Schedule D all your related persons that are broker-dealers. If you choose to list a related broker-dealer, the IARD will accept a single Form U-4 to register an investment adviser representative who also is a broker-dealer agent ("registered rep") of that related broker-dealer.

YES NO

B. Are you or any *related person* a general partner in an *investment-related* limited partnership or manager of an *investment-related* limited liability company, or do you ○ ◉

advise any other "private fund" as defined under SEC rule 203(b)(3)-1?

If "yes," for each limited partnership or limited liability company, or (if applicable) private fund, complete Section 7.B. of Schedule D. If, however, you are an SEC-registered adviser and you have related persons that are SEC-registered advisers who are the general partners of limited partnerships or the managers of limited liability companies, you do not have to complete Section 7.B. of Schedule D with respect to those related advisers' limited partnerships or limited liability companies.

To use this alternative procedure, you must state in the Miscellaneous Section of Schedule D: (1) that you have related SEC-registered investment advisers that manage limited partnerships or limited liability companies that are not listed in Section 7.B. of your Schedule D; (2) that complete and accurate information about those limited partnerships or limited liability companies is available in Section 7.B. of Schedule D of the Form ADVs of your related SEC-registered advisers; and (3) whether your clients are solicited to invest in any of those limited partnerships or limited liability companies.

Item 8 Participation or Interest in *Client* Transactions

In this Item, we request information about your participation and interest in your *clients'* transactions. Like Item 7, this information identifies areas in which conflicts of interest may occur between you and your *clients*.

Like Item 7, Item 8 requires you to provide information about you and your *related persons*.

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Item 8 Participation or Interest in *Client* Transactions (Continued)

Proprietary Interest in *Client* Transactions

A. Do you or any *related person*:	Yes	No
(1) buy securities for yourself from advisory *clients*, or sell securities you own to advisory *clients* (principal transactions)?	○	●
(2) buy or sell for yourself securities (other than shares of mutual funds) that you also recommend to advisory *clients*?	●	○
(3) recommend securities (or other investment products) to advisory *clients* in which you or any *related person* has some other proprietary (ownership) interest (other than those mentioned in Items 8.A(1) or (2))?	○	●

Sales Interest in *Client* Transactions

B. Do you or any *related person*:	Yes	No
(1) as a broker-dealer or registered representative of a broker-dealer, execute securities trades for brokerage customers in which advisory *client* securities are sold to or bought from the brokerage customer (agency cross transactions)?	○	●

(2) recommend purchase of securities to advisory *clients* for which you or any *related person* serves as underwriter, general or managing partner, or purchaser representative?	○	●
(3) recommend purchase or sale of securities to advisory *clients* for which you or any *related person* has any other sales interest (other than the receipt of sales commissions as a broker or registered representative of a broker-dealer)?	○	●

Investment or Brokerage Discretion

C. Do you or any *related person* have *discretionary authority* to determine the:	**Yes**	**No**
(1) securities to be bought or sold for a *client's* account?	●	○
(2) amount of securities to be bought or sold for a *client's* account?	●	○
(3) broker or dealer to be used for a purchase or sale of securities for a *client's* account?	○	●
(4) commission rates to be paid to a broker or dealer for a *client's* securities transactions?	○	●

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Item 8 Participation or Interest in *Client* Transactions (Continued)

D. Do you or any *related person* recommend brokers or dealers to *clients*?	●	○
E. Do you or any *related person* receive research or other products or services other than execution from a broker-dealer or a third party in connection with *client* securities transactions?	●	○
F. Do you or any *related person*, directly or indirectly, compensate any *person* for *client* referrals?	○	●

In responding to this Item 8.F., consider in your response all cash and non-cash compensation that you or a related person gave any person in exchange for client referrals, including any bonus that is based, at least in part, on the number or amount of client referrals.

Item 9 *Custody*

In this Item, we ask you whether you or a *related person* has *custody* of *client* assets. If you are registering or registered with the SEC and you deduct your advisory fees directly from your *clients'* accounts but you do not otherwise have *custody* of your *clients'* funds or securities, you may answer "no" to Item 9A.(1) and 9A.(2).

A. Do you have *custody* of any advisory *clients':*	**Yes**	**No**
(1) cash or bank accounts?	○	●
(2) securities?	○	●
B. Do any of your *related persons* have *custody* of any of your advisory *clients'*:		
(1) cash or bank accounts?	○	●
(2) securities?	○	●
C. If you answered "yes" to either Item 9.B(1) or 9.B(2), is that *related person* a broker-dealer registered under Section 15 of the Securities Exchange Act of 1934?	○	○

Item 10 *Control Persons*

In this Item, we ask you to identify every *person* that, directly or indirectly, *controls* you.

If you are submitting an initial application, you must complete Schedule A and Schedule B. Schedule A asks for information about your direct owners and executive officers. Schedule B asks for information about your indirect owners. If this is an amendment and you are updating information you reported on either Schedule A or Schedule B (or both) that you filed with your initial application, you must complete Schedule C.

	YES	NO
Does any *person* not named in Item 1.A. or Schedules A, B, or C, directly or indirectly, *control* your management or policies? *If yes, complete Section 10 of Schedule D.*	○	◉

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Item 11 Disclosure Information

In this Item, we ask for information about your disciplinary history and the disciplinary history of all your *advisory affiliates*. We use this information to determine whether to grant your application for registration, to decide whether to revoke your registration or to place limitations on your activities as an investment adviser, and to identify potential problem areas to focus on during our on-site examinations. One event may result in "yes" answers to more than one of the questions below.

Your *advisory affiliates* are: (1) all of your current *employees* (other than *employees* performing only clerical, administrative, support or similar functions); (2) all of your officers, partners, or directors (or any *person* performing similar functions); and (3) all *persons* directly or indirectly *controlling* you or *controlled* by you. If you are a "separately identifiable department or division" (SID) of a bank, see the Glossary of Terms to determine who your *advisory affiliates* are.

If you are registered or registering with the SEC, you may limit your disclosure of any event listed in Item 11 to ten years following the date of the event. If you are registered or registering with a state, you must respond to the questions as posed; you may, therefore, limit your disclosure to ten years following the date of an event only in responding to Items 11.A(1), 11.A(2), 11.B(1), 11.B(2), 11.D (4), and 11.H(1)(a). For purposes of calculating this ten-year period, the date of an event is the date the final order, judgment, or decree was entered, or the date any rights of appeal from preliminary orders, judgments, or decrees lapsed.

You must complete the appropriate Disclosure Reporting Page ("DRP") for "yes" answers to the questions in this Item 11.

For "yes" answers to the following questions, complete a Criminal Action DRP:

A. In the past ten years, have you or any *advisory affiliate*:	YES	NO
(1) been convicted of or plead guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to any *felony*?	○	◉
(2) been *charged* with any *felony*?	○	◉

If you are registered or registering with the SEC, you may limit your response to Item 11.A (2) to charges that are currently pending.

B. In the past ten years, have you or any *advisory affiliate*:

(1) been convicted of or plead guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to a *misdemeanor* involving: investments or an *investment-related* business, or any fraud, false statements, or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses? ○ ◉

(2) been *charged* with a *misdemeanor* listed in 11.B(1)? ○ ◉

If you are registered or registering with the SEC, you may limit your response to Item 11.B (2) to charges that are currently pending.

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Item 11 Disclosure Information (Continued)

For "yes" answers to the following questions, complete a Regulatory Action DRP:

C. Has the SEC or the Commodity Futures Trading Commission (CFTC) ever: **YES NO**

(1) *found* you or any *advisory affiliate* to have made a false statement or omission? ○ ◉

(2) *found* you or any *advisory affiliate* to have been *involved* in a violation of SEC or CFTC regulations or statutes? ○ ◉

(3) *found* you or any *advisory affiliate* to have been a cause of an *investment-related* business having its authorization to do business denied, suspended, revoked, or restricted? ○ ◉

(4) entered an *order* against you or any *advisory affiliate* in connection with *investment-related* activity? ○ ◉

(5) imposed a civil money penalty on you or any *advisory affiliate*, or *ordered* you or any *advisory affiliate* to cease and desist from any activity? ○ ◉

D. Has any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority*:

(1) ever *found* you or any *advisory affiliate* to have made a false statement or omission, or been dishonest, unfair, or unethical? ○ ◉

(2) ever *found* you or any *advisory affiliate* to have been *involved* in a violation of *investment-related* regulations or statutes? ○ ◉

(3) ever *found* you or any *advisory affiliate* to have been a cause of an *investment-related* business having its authorization to do business denied, suspended, revoked, or restricted? ○ ◉

(4) in the past ten years, entered an *order* against you or any *advisory affiliate* in connection with an *investment-related* activity? ○ ◉

(5) ever denied, suspended, or revoked your or any *advisory affiliate's* registration or license, or otherwise prevented you or any *advisory affiliate*, by *order*, from associating with an *investment-related* business or restricted your or any *advisory affiliate's* activity? ○ ◉

E. Has any *self-regulatory organization* or commodities exchange ever:

(1) *found* you or any *advisory affiliate* to have made a false statement or omission? ○ ◉

(2) *found* you or any *advisory affiliate* to have been *involved* in a violation of its rules (other than a violation designated as a *"minor rule violation"* under a plan approved by the SEC)? ○ ◉

(3) *found* you or any *advisory affiliate* to have been the cause of an *investment-related* business having its authorization to do business denied, suspended, revoked, or restricted? ○ ◉

(4) disciplined you or any *advisory affiliate* by expelling or suspending you or the *advisory affiliate* from membership, barring or suspending you or the *advisory affiliate* from association with other members, or otherwise restricting your or the *advisory affiliate's* activities? ○ ◉

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Item 11 Disclosure Information (Continued)

	YES	NO
F. Has an authorization to act as an attorney, accountant, or federal contractor granted to you or any *advisory affiliate* ever been revoked or suspended?	○	◉
G. Are you or any *advisory affiliate* now the subject of any regulatory *proceeding* that could result in a "yes" answer to any part of Item 11.C., 11.D., or 11.E.?	○	◉

For "yes" answers to the following questions, complete a Civil Judicial Action DRP:

H. (1) Has any domestic or foreign court:	YES	NO
(a) in the past ten years, *enjoined* you or any *advisory affiliate* in connection with any *investment-related* activity?	○	◉
(b) ever *found* that you or any *advisory affiliate* were *involved* in a violation of *investment-related* statutes or regulations?	○	◉
(c) ever dismissed, pursuant to a settlement agreement, an *investment-related* civil action brought against you or any *advisory affiliate* by a state or *foreign financial regulatory authority*?	○	◉
(2) Are you or any *advisory affiliate* now the subject of any civil *proceeding* that could result in a "yes" answer to any part of Item 11.H(1)?	○	◉

Item 12 Small Businesses

The SEC is required by the Regulatory Flexibility Act to consider the effect of its regulations on small entities. In order to do this, we need to determine whether you meet the definition of "small business" or "small organization" under rule 0-7.

Answer this Item 12 only if you are registered or registering with the SEC and you indicated in response to Item 5.F(2)(c) that you have assets under management of less than $25 million. You are not required to answer this Item 12 if you are filing for initial registration as a state adviser, amending a current state registration, or switching from SEC to state registration.

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Primary Business Name: DIVERSIFIED FINANCIAL PLANNERS, LLC **CRD Number: 153935**
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Item 12 Small Businesses (Continued)

For purposes of this Item 12 only:

- Total Assets refers to the total assets of a firm, rather than the assets managed on behalf of *clients*. In determining your or another *person's* total assets, you may use the total assets shown on a current balance sheet (but use total assets reported on a consolidated balance sheet with subsidiaries included, if that amount is larger).
- Control means the power to direct or cause the direction of the management or policies of a *person*, whether through ownership of securities, by contract, or otherwise. Any *person* that directly or indirectly has the right to vote 25 percent or more of the voting securities, or is entitled to 25 percent or more of the profits, of another *person* is presumed to control the other *person.*

	YES	NO
A. Did you have total assets of $5 million or more on the last day of your most recent fiscal year?	○	○
If "yes," you do not need to answer Items 12.B. and 12.C.		
B. Do you:		
(1) *control* another investment adviser that had assets under management of $25 million or more on the last day of its most recent fiscal year?	○	○
(2) *control* another *person* (other than a natural person) that had total assets of $5 million or more on the last day of its most recent fiscal year?	○	○
C. Are you:		
(1) *controlled* by or under common *control* with another investment adviser that had assets under management of $25 million or more on the last day of its most recent fiscal year?	○	○
(2) *controlled* by or under common *control* with another *person* (other than a natural person) that had total assets of $5 million or more on the last day of its most recent fiscal year?	○	○

FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

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You must complete this Part 1B only if you are applying for registration, or are registered, as an investment adviser with any of the *state securities authorities.*

Part 1B Item 1 - State Registration

Complete this Item 1 if you are submitting an initial application for state registration or requesting additional state registration(s). Check the boxes next to the states to which you are submitting this application. If you are already registered with at least one state and are applying for registration with an additional state or states, check the boxes next to the states in which you are applying for registration. Do not check the boxes next to the states in which you are currently registered or where you have an application for registration pending.

☐ AL	☐ ID	☐ MO	☐ PA
☐ AK	☐ IL	☐ MT	☐ PR
☑ AZ	☐ IN	☐ NE	☐ RI
☐ AR	☐ IA	☐ NV	☐ SC
☐ CA	☐ KS	☐ NH	☐ SD
☐ CO	☐ KY	☐ NJ	☐ TN
☐ CT	☐ LA	☐ NM	☐ TX
☐ DE	☐ ME	☐ NY	☐ UT
☐ DC	☐ MD	☐ NC	☐ VT
☐ FL	☐ MA	☐ ND	☐ VI
☐ GA	☐ MI	☐ OH	☐ VA
☐ GU	☐ MN	☐ OK	☐ WA
☐ HI	☐ MS	☐ OR	☐ WV
			☐ WI

Part 1B Item 2 - Additional Information

A. Person responsible for supervision and compliance:

Name:
RICHARD M. SCHMERMAN
Title:
MEMBER
Telephone:
602-224-6040
Fax:
602-266-5307
Number and Street 1:
5312 NORTH 12TH STREET
Number and Street 2:
SUITE 301
City:
PHOENIX
State:
AZ
Country:
UNITED STATES
ZIP+4/Postal Code:
85014

Email address, if available:
DFINANCIAL@AOL.COM

If this address is a private residence, check this box: ☐

B. Bond/Capital Information, if required by your *home state*.

(1) Name of Issuing Insurance Company:

(2) Amount of Bond:
$ .00

(3) Bond Policy Number:

	Yes	No
(4) If required by your home state, are you in compliance with your home state's minimum capital requirements?	○	◉

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Part 1B Item 2 - Additional Information (Continued)

	Yes	No
For "yes" answers to the following question, complete a Bond DRP.		
C. Has a bonding company ever denied, paid out on, or revoked a bond for you?	○	◉
For "yes" answers to the following question, complete a Judgment/Lien DRP:		
D. Do you have any unsatisfied judgments or liens against you?	○	◉
For "yes" answers to the following questions, complete an Arbitration DRP:		
E. Are you, any *advisory affiliate*, or any *management person* currently the subject of, or have you , any *advisory affiliate*, or any *management person* been the subject of, an arbitration claim alleging damages in excess of $2,500, involving any of the following:		
(1) any investment or an *investment-related* business of activity?	○	◉
(2) fraud, false statement, or omission?	○	◉
(3) theft, embezzlement, or other wrongful taking of property?	○	◉
(4) bribery, forgery, counterfeiting, or extortion?	○	◉
(5) dishonest, unfair, or unethical practices?	○	◉
For "yes" answers to the following questions, complete a Civil Judicial Action DRP:		
F. Are you, any *advisory affiliate*, or any *management person* currently subject to, or have you, any *advisory affiliate*, or any *management person* been *found* liable in, a civil, *self-regulatory organization*, or administrative *proceeding* involving any of the following:		
(1) an investment or *investment-related* business or activity?	○	◉
(2) fraud, false statement, or omission?	○	◉
(3) theft, embezzlement, or other wrongful taking of property?	○	◉
(4) bribery, forgery, counterfeiting, or extortion?	○	◉
(5) dishonest, unfair, or unethical practices?	○	◉

G. Other Business Activities

(1) You are actively engaged in business as a(n) (check all that apply):

- ☐ Attorney
- ☐ Certified Public Accountant
- ☐ Tax Preparer

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Part 1B Item 2 - Additional Information (Continued)

(2) If you are actively engaged in any business other than those listed in Item 6.A of Part 1A or Item 2.G(1) of Part 1B, describe the business and the approximate amount of time spent on that business:

H. If you provide financial planning services, the investments made based on those services at the end of your last fiscal year totaled:

	Securities Investments	Non-Securities Investments
Under $100,000	◉	◉
$100,001 to $500,000	○	○
$500,001 to $1,000,000	○	○
$1,000,001 to $2,500,000	○	○
$2,500,001 to $5,000,000	○	○
More than $5,000,000	○	○

If securities investments are over $5,000,000, how much? (round to the nearest $1,000,000)

If non-securities investments are over $5,000,000, how much? (round to the nearest $1,000,000)

	Yes	No
I. *Custody*		
(1) Do you withdraw advisory fees directly from your *clients'* accounts? If you answered "yes", respond to the following:	◉	○
(a) Do you send a copy of your invoice to the custodian or trustee at the same time that you send a copy to the *client*?	◉	○
(b) Does the custodian send quarterly statements to your *clients* showing all disbursements for the custodian account, including the amount of the advisory fees?	◉	○
(c) Do your *clients* provide written authorization permitting you to be paid directly for their accounts held by the custodian or trustee?	◉	○
(2) Do you act as a general partner for any partnership or trustee for any trust in which your advisory *clients* are either partners of the partnership or beneficiaries of the trust? If you answered "yes", respond to the following:	○	◉

(a) As the general partner of a partnership, have you engaged an attorney or an independent certified public accountant to provide authority permitting each direct payment or any transfer of funds or securities from the partnership account? ○ ○

(3) Do you require the prepayment of fees of more than $500 per *client* and for six months or more in advance? ○ ◉

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Part 1B Item 2 - Additional Information (Continued)

Yes No

J. If you are organized as a sole proprietorship, please answer the following:

(1) (a) Have you passed, on or after January 1, 2000, the Series 65 examination? ○ ○

(b) Have you passed, on or after January 1, 2000, the Series 66 examination and also passed, at any time, the Series 7 examination? ○ ○

(2) (a) Do you have any investment advisory professional designations? ○ ○
If "no", you do not need to answer Item 2.J(2)(b).

(b) I have earned and I am in good standing with the organization that issued the following credential:

- ☐ Certified Financial Planner ("CFP")
- ☐ Chartered Financial Analyst ("CFA")
- ☐ Chartered Financial Consultant ("ChFC")
- ☐ Chartered Investment Counselor ("CIC")
- ☐ Personal Financial Specialist ("PFS")
- ☐ None of the above

(3) Your Social Security Number:

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Amend, retire or file new brochures:

Brochure ID	Brochure Name	Brochure Type(s)
26396	FORM ADV PART II 5.26.10	Individuals, Pension plans/profit sharing plans

FORM ADV
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Form ADV, Schedule A

Direct Owners and Executive Officers

1. Complete Schedule A only if you are submitting an initial application. Schedule A asks for information about your direct owners and executive officers. Use Schedule C to amend this information.
2. Direct Owners and Executive Officers. List below the names of:
   (a) each Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Legal Officer, Chief Compliance Officer(Chief Compliance Officer is required and cannot be more than one individual), director, and any other individuals with similar status or functions;
   (b) if you are organized as a corporation, each shareholder that is a direct owner of 5% or more of a class of your voting securities, unless you are a public reporting company (a company subject to Section 12 or 15(d) of the Exchange Act);

   Direct owners include any *person* that owns, beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 5% or more of a class of your voting securities. For purposes of this Schedule, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.

   (c) if you are organized as a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 5% or more of your capital;
   (d) in the case of a trust that directly owns 5% or more of a class of your voting securities, or that has the right to receive upon dissolution, or has contributed, 5% or more of your capital, the trust and each trustee; and
   (e) if you are organized as a limited liability company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 5% or more of your capital, and (ii) if managed by elected managers, all elected managers.
3. Do you have any indirect owners to be reported on Schedule B? ○ Yes ◉ No
4. In the DE/FE/I column below, enter "DE" if the owner is a domestic entity, "FE" if the owner is an entity incorporated or domiciled in a foreign country, or "I" if the owner or executive officer is an individual.
5. Complete the Title or Status column by entering board/management titles; status as partner, trustee, sole proprietor, elected manager, shareholder, or member; and for shareholders or members, the class of securities owned (if more than one is issued).
6. Ownership codes are:

	NA - less than 5%	B - 10% but less than 25%	D - 50% but less than 75%
	A - 5% but less than 10%	C - 25% but less than 50%	E - 75% or more

7. (a) In the *Control Person* column, enter "Yes" if the *person* has *control* as defined in the Glossary of Terms to Form ADV, and enter "No" if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*.
   (b) In the PR column, enter "PR" if the owner is a public reporting company under Sections 12 or 15 (d) of the Exchange Act.
   (c) Complete each column.

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/FE/I	Title or Status	Date Title or Status Acquired MM/YYYY	Ownership Code	*Control Person*	PR	*CRD* No. If None: S.S. No. and Date of Birth, IRS Tax No., or Employer ID No.
SCHMERMAN, RICHARD, MARK	I	MEMBER	05/2010	E	Y	N	1302988

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Form ADV, Schedule B

Indirect Owners

1. Complete Schedule B only if you are submitting an initial application. Schedule B asks for information about your indirect owners; you must first complete Schedule A, which asks for information about your direct owners. Use Schedule C to amend this information.
2. Indirect Owners. With respect to each owner listed on Schedule A (except individual owners), list below:
   (a) in the case of an owner that is a corporation, each of its shareholders that beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 25% or more of a class of a voting security of that corporation;

   For purposes of this Schedule, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.
   (b) in the case of an owner that is a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 25% or more of the partnership's capital;
   (c) in the case of an owner that is a trust, the trust and each trustee; and
   (d) in the case of an owner that is a limited liability company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 25% or more of the LLC's capital, and (ii) if managed by elected managers, all elected managers.
3. Continue up the chain of ownership listing all 25% owners at each level. Once a public reporting company (a company subject to Sections 12 or 15(d) of the Exchange Act) is reached, no further ownership information need be given.

4. In the DE/FE/I column below, enter "DE" if the owner is a domestic entity, "FE" if the owner is an entity incorporated or domiciled in a foreign country, or "I" if the owner is an individual.
5. Complete the Status column by entering the owner's status as partner, trustee, elected manager, shareholder, or member; and for shareholders or members, the class of securities owned (if more than one is issued).
6. Ownership codes are:
   - C - 25% but less than 50%
   - D - 50% but less than 75%
   - E - 75% or more
   - F - Other (general partner, trustee, or elected manager)
7. (a) In the *Control Person* column, enter "Yes" if the *person* has *control* as defined in the Glossary of Terms to Form ADV, and enter "No" if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*.
   (b) In the PR column, enter "PR" if the owner is a public reporting company under Sections 12 or 15 (d) of the Exchange Act.
   (c) Complete each column.

No Indirect Owner Information Filed

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Form ADV, Schedule C

Amendments to Schedules A and B

1. Use Schedule C only to amend information requested on either Schedule A or Schedule B. Refer to Schedule A and Schedule B for specific instructions for completing this Schedule C. Complete each column.
2. In the Type of Amendment column, indicate "A" (addition), "D" (deletion), or "C" (change in information about the same *person*).
3. Ownership codes are:
   - NA - less than 5%
   - A - 5% but less than 10%
   - B - 10% but less than 25%
   - C - 25% but less than 50%
   - D - 50% but less than 75%
   - E - 75% or more
   - G - Other (general partner, trustee, or elected member)
4. List below all changes to Schedule A (Direct Owners and Executive Officers):

No Changes to Direct Owner / Executive Officer Information Filed

5. List below all changes to Schedule B (Indirect Owners):

No Changes to Indirect Owner Information Filed

FORM ADV
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Form ADV, Schedule D Page 1

Certain items in Part 1A of Form ADV require additional information on Schedule D. Use this Schedule D Page 1 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

Section 1.B. Other Business Names

List your other business names and the jurisdictions in which you use them. You must complete a separate Schedule D for each business name.

No Information Filed

Section 1.F. Other Offices

Complete the following information for each office, other than your *principal office and place of business*, at which you conduct investment advisory business. You must complete a separate Schedule D Page 1 for each location. If you are applying for registration, or are registered, only with the SEC, list only the largest five (in terms of numbers of *employees*).

No Information Filed

Section 1.I. World Wide Web Site Addresses

List your World Wide Web site addresses. You must complete a separate Schedule D for each World Wide Web site address.

No Information Filed

Section 1.K. Locations of Books and Records

Complete the following information for each location at which you keep your books and records, other than your *principal office and place of business*. You must complete a separate Schedule D Page 1 for each location.

No Information Filed

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Form ADV, Schedule D Page 2

Use this Schedule D Page 2 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

Section 1.L. Registration with *Foreign Financial Regulatory Authorities*

List the name, in English, of each *foreign financial regulatory authority* and country with which you are registered. You must complete a separate Schedule D Page 2 for each *foreign financial regulatory authority* with whom you are registered.

No Information Filed

Section 2.A(7) Affiliated Adviser

If you are relying on the exemption in rule 203A-2(c) from the prohibition on registration because you *control*, are *controlled* by, or are under common *control* with an investment adviser that is registered with the SEC and your *principal office and place of business* is the same as that of the registered adviser, provide the following information:

Name of Registered Investment Adviser

CRD Number of Registered Investment Adviser (if any)

SEC Number of Registered Investment Adviser
801-

Section 2.A(8) Newly Formed Adviser

If you are relying on rule 203A-2(d), the newly formed adviser exemption from the prohibition on registration, you are required to make certain representations about your eligibility for SEC registration. By checking the appropriate boxes, you will be deemed to have made the required representations. You must make both of these representations:

- ☐ I am not registered or required to be registered with the SEC or a *state securities authority* and I have a reasonable expectation that I will be eligible to register with the SEC within 120 days after the date my registration with the SEC becomes effective.
- ☐ I undertake to withdraw from SEC registration if, on the 120th day after my registration with the SEC becomes effective, I would be prohibited by Section 203A(a) of the Advisers Act from registering with the SEC.

Section 2.A(9) Multi-State Adviser

If you are relying on rule 203A-2(e), the multi-state adviser exemption from the prohibition on registration, you are required to make certain representations about your eligibility for SEC registration. By checking the appropriate boxes, you will be deemed to have made the required representations.

If you are applying for registration as an investment adviser with the SEC, you must make both of these representations:

- ☐ I have reviewed the applicable state and federal laws and have concluded that I am required by the laws of 30 or more states to register as an investment adviser with the securities authorities in those states.
- ☐ I undertake to withdraw from SEC registration if I file an amendment to this registration indicating that I would be required by the laws of fewer than 25 states to register as an investment adviser with the securities authorities of those states.

If you are submitting your *annual updating amendment*, you must make this representation:

- ☐ Within 90 days prior to the date of filing this amendment, I have reviewed the applicable state and federal laws and have concluded that I am required by the laws of at least 25 states to register as an investment adviser with the securities authorities in those states.

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Form ADV, Schedule D Page 3

Use this Schedule D Page 3 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

Section 2.A(11) SEC Exemptive *Order*

No Information Filed

Section 4 Successions

Complete the following information if you are succeeding to the business of a currently-registered investment adviser. If you acquired more than one firm in the succession you are reporting on this Form ADV, you must complete a separate Schedule D Page 3 for each acquired firm. See Part 1A Instruction 4.

No Information Filed

Section 5.I(2) *Wrap Fee Programs*

If you are a portfolio manager for one or more *wrap fee programs*, list the name of each program and its *sponsor*. You must complete a separate Schedule D Page 3 for each *wrap fee program* for which you are a portfolio manager.

No Information Filed

Section 6.B. Description of Primary Business

No Information Filed

Section 7.A. Affiliated Investment Advisers and Broker-Dealers

You MUST complete the following information for each investment adviser with whom you are affiliated. You MAY complete the following information for each broker-dealer with whom you are affiliated. You must complete a separate Schedule D Page 3 for each listed affiliate.

No Information Filed

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Form ADV, Schedule D Page 4
Use this Schedule D Page 4 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

Section 7.B. Limited Partnership Participation or Other Private Fund Participation

You must complete a separate Schedule D Page 4 for each limited partnership in which you or a *related person* is a general partner, each limited liability company for which you or a *related person* is a manager, and each other private fund that you advise.

No Information Filed

Section 10 *Control Persons*

You must complete a separate Schedule D Page 4 for each *control person* not named in Item 1.A. or Schedules A, B, or C that directly or indirectly *controls* your management or policies.

No Information Filed

FORM ADV
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Form ADV, Schedule D Page 5

Use this Schedule D Page 5 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

Schedule D - Miscellaneous

You may use the space below to explain a response to an Item or to provide any other information.

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CRIMINAL DISCLOSURE REPORTING PAGE (ADV)
No Information Filed

REGULATORY ACTION DISCLOSURE REPORTING PAGE (ADV)
No Information Filed

CIVIL JUDICIAL ACTION DISCLOSURE REPORTING PAGE (ADV)
No Information Filed

Bond DRPs
No Information Filed

Judgment/Lien DRPs
No Information Filed

Arbitration DRPs
No Information Filed

FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

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DOMESTIC INVESTMENT ADVISER EXECUTION PAGE

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial application for SEC registration and all amendments to registration.

Appointment of Agent for Service of Process

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint the Secretary of State or other legally designated officer, of the state in which you maintain your *principal office and place of business* and any other state in which you are submitting a *notice filing*, as your agents to receive service, and agree that such *persons* may accept service on your behalf, of any notice, subpoena, summons, *order* instituting *proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding* or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is *founded*, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of the state in which you maintain your *principal office and place of business* or of any state in which you are submitting a *notice filing*.

Signature

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having custody or possession of these books and records to make them available to federal and state regulatory representatives.

Signature:	Date: MM/DD/YYYY
RICHARD MARK SCHMERMAN	05/25/2010
Printed Name:	Title:
RICHARD MARK SCHMERMAN	MEMBER
Adviser *CRD* Number:	
153935	

***NON-RESIDENT* INVESTMENT ADVISER EXECUTION PAGE**

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial application for SEC registration and all amendments to registration.

1. Appointment of Agent for Service of Process

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint each of the Secretary of the SEC, and the Secretary of State or other legally designated officer, of any other state in which you are submitting a *notice filing*, as your agents to receive service, and agree that such *persons* may accept service on your behalf, of any notice, subpoena, summons, *order* instituting *proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding*, or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is *founded*, directly or indirectly, upon the

provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of any state in which you are submitting a *notice filing*.

2. Appointment and Consent: Effect on Partnerships

If you are organized as a partnership, this irrevocable power of attorney and consent to service of process will continue in effect if any partner withdraws from or is admitted to the partnership, provided that the admission or withdrawal does not create a new partnership. If the partnership dissolves, this irrevocable power of attorney and consent shall be in effect for any action brought against you or any of your former partners.

3. *Non-Resident* Investment Adviser Undertaking Regarding Books and Records

By signing this Form ADV, you also agree to provide, at your own expense, to the U.S. Securities and Exchange Commission at its principal office in Washington D.C., at any Regional or District Office of the Commission, or at any one of its offices in the United States, as specified by the Commission, correct, current, and complete copies of any or all records that you are required to maintain under Rule 204-2 under the Investment Advisers Act of 1940. This undertaking shall be binding upon you, your heirs, successors and assigns, and any *person* subject to your written irrevocable consents or powers of attorney or any of your general partners and *managing agents*.

Signature

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the *non-resident* investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having custody or possession of these books and records to make them available to federal and state regulatory representatives.

Signature: Date: MM/DD/YYYY

Printed Name: Title:

Adviser *CRD* Number:
153935

State Registered Investment Adviser Execution Page

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial application for state registration and all amendments to registration.

1. Appointment of Agent for Service of Process

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint the legally designated officers and their successors, of the state in which you maintain your *principal office and place of business* and any other state in which you are applying for registration or amending your registration,

as your agents to receive service, and agree that such persons may accept service on your behalf, of any notice, subpoena, summons, *order* instituting *proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding*, or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is founded, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of the state in which you maintain your *principal office and place of business* or of any state in which you are applying for registration or amending your registration.

2. State-Registered Investment Adviser Affidavit

If you are subject to state regulation, by signing this Form ADV, you represent that, you are in compliance with the registration requirements of the state in which you maintain your principal place of business and are in compliance with the bonding, capital, and recordkeeping requirements of that state.

Signature

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having *custody* or possession of these books and records to make them available to federal and state regulatory representatives.

Signature	Date MM/DD/YYYY
RICHARD MARK SCHMERMAN	05/25/2010
CRD Number	
153935	
Printed Name	Title
RICHARD MARK SCHMERMAN	MEMBER

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FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: DIVERSIFIED FINANCIAL PLANNERS, LLC **CRD Number: 153935**

ADV - Other-Than-Annual Amendment, Item 6 Other Business Activities **Rev. 02/2005**

6/21/2010 2:12:08 PM

In this Item, we request information about your other business activities.

A. You are actively engaged in business as a (check all that apply):

- ☐ (1) Broker-dealer
- ☐ (2) Registered representative of a broker-dealer
- ☐ (3) Futures commission merchant, commodity pool operator, or commodity trading advisor
- ☐ (4) Real estate broker, dealer, or agent
- ☐ (5) Insurance broker or agent
- ☐ (6) Bank (including a separately identifiable department or division of a bank)
- ☐ (7) Other financial product salesperson (specify):

	YES	NO
B. (1) Are you actively engaged in any other business not listed in Item 6.A. (other than giving investment advice)?	○	◉
(2) If yes, is this other business your primary business? *If "yes," describe this other business on Section 6.B. of Schedule D.*	○	◉
(3) Do you sell products or provide services other than investment advice to your advisory *clients*?	◉	◉

Section 6.B. Description of Primary Business

No Information Filed

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EXHIBIT
S-5c
ADMITTED

FORM ADV
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: DIVERSIFIED FINANCIAL PLANNERS, LLC **CRD Number: 153935**

ADV - Other-Than-Annual Amendment, Item 7 Financial Industry Affiliations **Rev. 02/2005**

8/26/2010 5:11:18 PM

In this Item, we request information about your financial industry affiliations and activities. This information identifies areas in which conflicts of interest may occur between you and your *clients*.

Item 7 requires you to provide information about you and your *related persons*. Your *related persons* are all of your *advisory affiliates* and any *person* that is under common *control* with you.

A. You have a *related person* that is a (check all that apply):

- ☐ (1) broker-dealer, municipal securities dealer, or government securities broker or dealer
- ☐ (2) investment company (including mutual funds)
- ☑ (3) other investment adviser (including financial planners)
- ☐ (4) futures commission merchant, commodity pool operator, or commodity trading advisor
- ☐ (5) banking or thrift institution
- ☑ (6) accountant or accounting firm
- ☐ (7) lawyer or law firm
- ☐ (8) insurance company or agency
- ☐ (9) pension consultant
- ☐ (10) real estate broker or dealer
- ☐ (11) sponsor or syndicator of limited partnerships

EXHIBIT S-5d ADMITTED

If you checked Item 7.A(3), you must list on Section 7.A. of Schedule D all your related persons that are investment advisers. If you checked Item 7.A(1), you may elect to list on Section 7.A. of Schedule D all your related persons that are broker-dealers. If you choose to list a related broker-dealer, the IARD will accept a single Form U-4 to register an investment adviser representative who also is a broker-dealer agent ("registered rep") of that related broker-dealer.

	YES	NO
B. Are you or any *related person* a general partner in an *investment-related* limited partnership or manager of an *investment-related* limited liability company, or do you advise any other "private fund" as defined under SEC rule 203(b)(3)-1?	○	◉

If "yes," for each limited partnership or limited liability company, or (if applicable) private fund, complete Section 7.B. of Schedule D. If, however, you are an SEC-registered adviser and you have related persons that are SEC-registered advisers who are the general partners of limited partnerships or the managers of limited liability companies, you do not have to complete Section 7.B. of Schedule D with respect to those related advisers' limited partnerships or limited liability companies.

To use this alternative procedure, you must state in the Miscellaneous Section of Schedule D: (1) that you have related SEC-registered investment advisers that manage limited partnerships or limited liability companies that are not listed in Section 7.B. of your Schedule D; (2) that complete and accurate information about those limited partnerships or limited liability companies is available in Section 7.B. of Schedule D of the Form ADVs of your related SEC-registered advisers; and (3) whether your clients are solicited to invest in any of those limited partnerships or limited liability companies.

Section 7.A. Affiliated Investment Advisers and Broker-Dealers

You MUST complete the following information for each investment adviser with whom you are affiliated. You MAY complete the following information for each broker-dealer with whom you are affiliated. You must complete a separate Schedule D Page 3 for each listed affiliate.

Legal Name of Affiliate:
RICHARD M. SCHMERMAN

Primary Business Name of Affiliate:
DIVERSIFIED FINANCIAL PLANNERS (DBA)

Affiliate is (check only one box):

- [x] Investment Adviser
- [ ] Broker - Dealer
- [ ] Dual (Investment Adviser and Broker-Dealer)

Affiliated Investment Adviser's SEC File Number (if any)
801-

Affiliate's CRD Number (if any):
1302988

Section 7.B. Limited Partnership Participation or Other Private Fund Participation

You must complete a separate Schedule D Page 4 for each limited partnership in which you or a *related person* is a general partner, each limited liability company for which you or a *related person* is a manager, and each other private fund that you advise.

No Information Filed

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FORM U4
UNIFORM APPLICATION FOR SECURITIES INDUSTRY REGISTRATION OR TRANSFER

U4 - INITIAL 05/28/2010 Rev. Form U4 (05/2009)

Individual Name: SCHMERMAN, RICHARD MARK (1302988)

Firm Name: DIVERSIFIED FINANCIAL PLANNERS, LLC (153935)

1. GENERAL INFORMATION

First Name: RICHARD	**Middle Name:** MARK	**Last Name:** SCHMERMAN	**Suffix:**
***Firm* CRD #:** 153935	***Firm* Name:** DIVERSIFIED FINANCIAL PLANNERS, LLC	**Employment Date (MM/DD/YYYY):** 05/11/2010	
Firm Billing Code:	***Individual CRD #:*** 1302988	**Individual SSN:** xxx-xx-xxxx	

Do you have an independent contractor relationship with the above named firm?:

○ **Yes** ◉ **No**

Office of Employment Address

No items were found.

2. FINGERPRINT INFORMATION

Electronic Filing Representation

○ By selecting this option, I represent that I am submitting, have submitted, or promptly will submit to the appropriate *SRO* a fingerprint card as required under applicable *SRO* rules; or

Fingerprint card barcode

○ By selecting this option, I represent that I have been employed continuously by the *filing firm* since the last submission of a fingerprint card to CRD and am not required to resubmit a fingerprint card at this time; or,

○ By selecting this option, I represent that I have been employed continuously by the *filing firm* and my fingerprints have been processed by an *SRO* other than FINRA. I am submitting, have submitted, or promptly will submit the processed results for posting to CRD.

Exceptions to the Fingerprint Requirement

○ By selecting one or more of the following two options, I affirm that I am exempt from the federal fingerprint requirement because I/*filing firm* currently satisfy(ies) the requirements of at least one of the permissive exemptions indicated below pursuant to Rule 17f-2 under the Securities Exchange Act of 1934, including any notice or application requirements specified therein:

☐ Rule 17f-2(a)(1)(i)

☐ Rule 17f-2(a)(1)(iii)

Investment Adviser Representative Only Applicants

◉ I affirm that I am applying only as an investment adviser representative and that I am not also applying or have not also applied with this *firm* to become a broker-dealer representative. If this radio button/box is selected, continue below.

○ I am applying for registration only in *jurisdictions* that do not have fingerprint card filing requirements, or

EXHIBIT S-6a ADMITTED

◉ I am applying for registration in *jurisdictions* that have fingerprint card filing requirements and I am submitting, have submitted, or promptly will submit the appropriate fingerprint card directly to the *jurisdictions* for processing pursuant to applicable *jurisdiction* rules.

3. REGISTRATIONS WITH UNAFFILIATED FIRMS

Some *jurisdictions* prohibit "dual registration," which occurs when an individual chooses to maintain a concurrent registration as a representative/agent with two or more *firms* (either BD or IA *firms*) that are not affiliated. *Jurisdictions* that prohibit dual registration would not, for example, permit a broker-dealer agent working with brokerage *firm* A to maintain a registration with brokerage *firm* B if *firms* A and B are not owned or controlled by a common parent. Before seeking a dual registration status, you should consult the applicable rules or statutes of the *jurisdictions* with which you seek registration for prohibitions on dual registrations or any liability provisions.

Please indicate whether the individual will maintain a "dual registration" status by answering the questions in this section. (Note: An individual should answer 'yes' only if the individual is currently registered and is seeking registration with a *firm* (either BD or IA) that is not affiliated with the individual's current employing *firm*. If this is an initial application, an individual must answer 'no' to these questions; a "dual registration" may be initiated only after an initial registration has been established).

Answer "yes" or "no" to the following questions:	Yes	No
A. Will *applicant* maintain registration with a broker-dealer that is not *affiliated* with the *filing firm*? If you answer "yes," list the *firm*(s) in Section 12 (Employment History).	○	◉
B. Will *applicant* maintain registration with an investment adviser that is not *affiliated* with the *filing firm*? If you answer "yes," list the *firm*(s) in Section 12 (Employment History).	○	◉

4. SRO REGISTRATIONS

Check appropriate *SRO* Registration requests.
Qualifying examinations will be automatically scheduled if needed. If you are only scheduling or re-scheduling an exam, skip this section and complete Section 7 (EXAMINATION REQUESTS).

REGISTRATION CATEGORY	FINRA	NYSE	AMEX	BATS-ZX	BATS-YX	BOX	BX	EDGA	EDGX	NSX	ARCA	CBOE	C2	CHX	PHLX	ISE	NQX
OP - Registered Options Principal (S4)	☐	☐	☐	☐		☐	☐			☐	☐	☐	☐	☐	☐	☐	☐
IR - Investment Company and Variable Contracts Products Rep. (S6)	☐	☐	☐							☐							☐
GS - Full Registration/General Securities Representative (S7)	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
TR - Securities Trader (S7)		☐	☐							☐							
TS - Trading Supervisor (S7)		☐	☐							☐							
SU - General Securities Sales Supervisor (S9 and S10)	☐					☐	☐	☐	☐	☐	☐	☐	☐	☐	☐		☐

REGISTRATION CATEGORY	FINRA	NYSE	AMEX	BATS-ZX	BATS-YX	BOX	BX	EDGA	EDGX	NSX	ARCA	CBOE	C2	CHX	PHLX	ISE	NQX
BM - Branch Office Manager (S9 and S10)		☐	☐													☐	
SM - Securities Manager (S10)		☐	☐														
AR - Assistant Representative/Order Processing (S11)	☐									☐				☐			☐
IE - United Kingdom - Limited General Securities Registered Representative (S17)	☐	☐	☐	☐	☐	☐	☐	☐	☐		☐	☐	☐		☐		☐
DR - Direct Participation Program Representative (S22)	☐	☐	☐							☐				☐			
GP - General Securities Principal (S24)	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐			☐	☐	☐	☐
IP - Investment Company and Variable Contracts Products Principal (S26)	☐	☐	☐							☐							☐
FA - Foreign Associate	☐																
FN - Financial and Operations Principal (S27)	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
FI - Introducing Broker-Dealer/Financial and Operations Principal (S28)	☐	☐	☐							☐				☐			☐
RS - Research Analyst (S86, S87)	☐	☐	☐														
RP - Research Principal	☐																
DP - Direct Participation Program Principal (S39)	☐	☐	☐							☐				☐			
OR - Options Representative (S42)	☐					☐	☐							☐			☐

REGISTRATION CATEGORY	FINRA	NYSE	AMEX	BATS-ZX	BATS-YX	BOX	BX	EDGA	EDGX	NSX	ARCA	CBOE	C2	CHX	PHLX	ISE	NQX
MR - Municipal Securities Representative (S52)	☐	☐	☐							☐				☐			
MP - Municipal Securities Principal (S53)	☐	☐	☐							☐				☐			
CS - Corporate Securities Representative (S62)	☐	☐	☐							☐				☐			☐

RG - Government Securities Representative (S72)	☐																
PG - Government Securities Principal (S73)	☐																
SA - Supervisory Analyst (S16)	☐	☐	☐														
PR - Limited Representative - Private Securities Offerings (S82)	☐	☐	☐														
CD - Canada-Limited General Securities Registered Representative (S37)	☐	☐	☐	☐	☐	☐		☐	☐		☐	☐	☐				☐
CN - Canada-Limited General Securities Registered Representative (S38)	☐	☐	☐	☐	☐	☐		☐	☐		☐	☐	☐				☐
ET - Equity Trader (S55)	☐	☐	☐							☐							☐
REGISTRATION CATEGORY	**FINRA**	**NYSE**	**AMEX**	**BATS-ZX**	**BATS-YX**	**BOX**	**BX**	**EDGA**	**EDGX**	**NSX**	**ARCA**	**CBOE**	**C2**	**CHX**	**PHLX**	**ISE**	**NQX**
AM - Allied Member		☐	☐								☐						
AP - Approved Person		☐	☐			☐	☐				☐	☐	☐		☐	☐	☐
LE - Securities Lending Representative		☐	☐														
LS - Securities Lending Supervisor		☐	☐														
ME - Member Exchange		☐	☐			☐	☐			☐				☐	☐		
FE - Floor Employee		☐	☐			☐	☐			☐	☐				☐		
OF - Officer		☐	☐							☐							
CO - Compliance Official (S14)		☐	☐													☐	
CF - Compliance Official Specialist (S14A)		☐	☐														
PM - Floor Member Conducting Public Business		☐	☐														
REGISTRATION CATEGORY	**FINRA**	**NYSE**	**AMEX**	**BATS-ZX**	**BATS-YX**	**BOX**	**BX**	**EDGA**	**EDGX**	**NSX**	**ARCA**	**CBOE**	**C2**	**CHX**	**PHLX**	**ISE**	**NQX**
PC - Floor Clerk Conducting Public Business		☐	☐														
SC - Specialist Clerk (S21)		☐	☐														
TA - Trading Assistant (S25)		☐	☐														

FP - Municipal Fund (S51)	☐																
IF - In-Firm Delivery Proctor	☐	☐	☐														
MM - Market Maker Authorized Trader-Options (S44)											☐						
FB - Floor Broker											☐						
MB - Market Maker acting as Floor Broker											☐						
OT - Authorized Trader (S7)			☐								☐						
MT - Market Maker Authorized Trader-Equities (S7)				☐	☐			☐	☐		☐						
REGISTRATION CATEGORY	**FINRA**	**NYSE**	**AMEX**	**BATS-ZX**	**BATS-YX**	**BOX**	**BX**	**EDGA**	**EDGX**	**NSX**	**ARCA**	**CBOE**	**C2**	**CHX**	**PHLX**	**ISE**	**NQX**
IB - Investment Banking Representative (S79)	☐																
OS - Operations Professional (S99)	☐																
AF - Floor Broker - Options			☐														
AO - Market Maker - Options			☐														
AC - Floor Clerk - Options			☐														
CT - Proprietary Trader Compliance Officer (S56, S14)												☐	☐			☐	
PT - Proprietary Trader (S56)			☐			☐	☐	☐	☐	☐	☐	☐	☐		☐	☐	☐
TP - Proprietary Trader Principal (S56, S24)						☐	☐					☐	☐		☐	☐	☐
Other _____ (Paper Form Only)																	

5. JURISDICTION REGISTRATION

Check appropriate *jurisdiction(s)* for broker-dealer agent (AG) and/or investment adviser representative (RA) registration requests.

JURISDICTION	AG	RA	JURISDICTION	AG	RA	JURISDICTION	AG	RA	JURISDICTION	AG	RA
Alabama	☐	☐	Illinois	☐	☐	Montana	☐	☐	Puerto Rico	☐	☐
Alaska	☐	☐	Indiana	☐	☐	Nebraska	☐	☐	Rhode Island	☐	☐
Arizona	☐	☑	Iowa	☐	☐	Nevada	☐	☐	South Carolina	☐	☐
Arkansas	☐	☐	Kansas	☐	☐	New Hampshire	☐	☐	South Dakota	☐	☐

California	☐	☐	Kentucky	☐	☐	New Jersey	☐	☐	Tennessee	☐	☐
Colorado	☐	☐	Louisiana	☐	☐	New Mexico	☐	☐	Texas	☐	☐
Connecticut	☐	☐	Maine	☐	☐	New York	☐	☐	Utah	☐	☐
Delaware	☐	☐	Maryland	☐	☐	North Carolina	☐	☐	Vermont	☐	☐
District of Columbia	☐	☐	Massachusetts	☐	☐	North Dakota	☐	☐	Virgin Islands	☐	☐
Florida	☐	☐	Michigan	☐	☐	Ohio	☐	☐	Virginia	☐	☐
Georgia	☐	☐	Minnesota	☐	☐	Oklahoma	☐	☐	Washington	☐	☐
Hawaii	☐	☐	Mississippi	☐	☐	Oregon	☐	☐	West Virginia	☐	☐
Idaho	☐	☐	Missouri	☐	☐	Pennsylvania	☐	☐	Wisconsin	☐	☐
									Wyoming	☐	☐

AGENT OF THE ISSUER REGISTRATION (AI) ☐ **Indicate 2 letter *jurisdiction* code (s):**_____

6. REGISTRATION REQUESTS WITH AFFILIATED FIRMS

Will *applicant* maintain registration with *firm*(s) under common ownership or control with the *filing firm*? If "yes", fill in the details to indicate a request for registration with additional *firm*(s).

○ **Yes** ◉ **No**

No Information Filed

7. EXAMINATION REQUESTS

Scheduling or Rescheduling Examinations Complete this section only if you are scheduling or rescheduling an examination or continuing education session. Do not select the Series 63 (S63) or Series 65 (S65) examinations in this section if you have completed Section 5 (JURISDICTION REGISTRATION) and have selected registration in a *jurisdiction*. If you have completed Section 5 (JURISDICTION REGISTRATION), and requested an AG registration in a *jurisdiction* that requires that you pass the S63 examination, an S63 examination will be automatically scheduled for you upon submission of this Form U4. If you have completed Section 5 (JURISDICTION REGISTRATION), and requested an RA registration in a *jurisdiction* that requires that you pass the S65 examination, an S65 examination will be automatically scheduled for you upon submission of this Form U4.

☐ **S3**	☐ **S14**	☐ **S28**	☐ **S42**	☐ **S53**	☐ **S79**
☐ **S4**	☐ **S16**	☐ **S30**	☐ **S44**	☐ **S55**	☐ **S82**
☐ **S5**	☐ **S17**	☐ **S31**	☐ **S45**	☐ **S56**	☐ **S86**
☐ **S6**	☐ **S22**	☐ **S32**	☐ **S46**	☐ **S62**	☐ **S87**
☐ **S7**	☐ **S23**	☐ **S33**	☐ **S51**	☐ **S63**	☐ **S99**
☐ **S9**	☐ **S24**	☐ **S37**	☐ **S52**	☐ **S65**	☐ **S101**
☐ **S10**	☐ **S26**	☐ **S38**		☐ **S66**	☐ **S106**
☐ **S11**	☐ **S27**	☐ **S39**		☐ **S72**	☐ **S201**

Other _____ (Paper Form Only)

OPTIONAL: Foreign Exam City _____

Date (MM/DD/YYYY) _____

If you have taken an exam prior to registering through the CRD system please enter the exam type and date taken.

Exam type: **Date taken (MM/DD/YYYY):**

8. PROFESSIONAL DESIGNATIONS

Select each designation you currently maintain.

- [x] **Certified Financial Planner**
- [x] **Chartered Financial Consultant (ChFC)**
- [ ] **Personal Financial Specialist (PFS)**
- [ ] **Chartered Financial Analyst (CFA)**
- [ ] **Chartered Investment Counselor (CIC)**

9. IDENTIFYING INFORMATION/NAME CHANGE

First Name: RICHARD	**Middle Name:** MARK	**Last Name:** SCHMERMAN
Suffix:	**Date of Birth (MM/DD/YYYY)** [redacted]	
State/Province of Birth COLORADO SPRINGS, COLORADO	**Country of Birth** USA	**Sex** (•) Male ( ) Female
Height (ft) 5	**Height (in)** 10	**Weight (lbs)** 240
Hair Color Brown	**Eye Color** Brown	

10. OTHER NAMES

No Information Filed

11. RESIDENTIAL HISTORY

Starting with the current address, give all addresses for the past 5 years. Report changes as they occur.

From	To	Street	City	State	Country	Postal Code
11/1991	PRESENT	[redacted]	[redacted]	AZ	United States	[redacted]

12. EMPLOYMENT HISTORY

Provide complete employment history for the past 10 years. Include the *firm*(s) noted in Section 1 (GENERAL INFORMATION) and Section 6 (REGISTRATION REQUESTS WITH AFFILIATED FIRMS). Include all *firm*(s) from Section 3 (REGISTRATION WITH UNAFFILIATED FIRMS). Account for all time including full and part-time employments, self-employment, military service, and homemaking. Also include statuses such as unemployed, full-time education, extended travel, or other similar statuses.
Report changes as they occur.

From	To	Name of *Firm* or Company	*Investment-Related* business?	City	State	Country	Position
06/1984	PRESENT	DIVERSIFIED FINANCIAL TAX PLANNING	◉ Yes ○ No	PHOENIX	AZ	USA	TAX PLANNING
05/2010	PRESENT	DIVERSIFIED FINANCIAL PLANNERS, LLC	◉ Yes ○ No	PHOENIX	AZ	USA	MEMBER
05/2008	03/2010	UNITED PLANNERS' FINANCIAL SERVICES OF AMERICA	◉ Yes ○ No	SCOTTSDALE	AZ	USA	REG REP
03/1999	03/2008	MUTUAL SERVICE CORPORATION	◉ Yes ○ No	WEST PALM BECH	FL	USA	REPRESENTATIVE
11/1989	03/1999	TITAN/VALUE EQUITIES GROUP, INC.	◉ Yes ○ No	PHOENIX	AZ	USA	REPRESENTATIVE
11/1986	11/1989	VALUE EQUITIES CORPORATION	◉ Yes ○ No	PHOENIX	AZ	USA	REG REP
11/1984	11/1986	DAVID TALBOT	○ Yes ◉ No	TEMPE	AZ	USA	OTHER

13. OTHER BUSINESS

Are you currently engaged in any other business either as a proprietor, partner, officer, director, employee, trustee, agent or otherwise? (Please exclude non *investment-related* activity that is exclusively charitable, civic, religious or fraternal and is recognized as tax exempt.) If YES, please provide the following details: the name of the other business, whether the business is *investment-related*, the address of the other business, the nature of the other business, your position, title, or relationship with the other business, the start date of your relationship, the approximate number of hours/month you devote to the other business, the number of hours you devote to the other business during securities trading hours, and briefly describe your duties relating to the other business.

◉ Yes ○ No

DIVERSIFIED FINANCIAL, DBA, TAX PLANNING - OWNER -PHOENIX, AZ - SINCE 06/1984 - ACCOUNTING, BOOKKEEEPING, TAX PLANNING - SERVE AS OFFICER OR STATUTORY AGENT FOR CLIENTS (SCHMERMAN BUILDINGS LTD. VICE PRES., SINCE 01/1984; E-2 CLOTHING AND JEWERLY, INC., VICE PRES - SINCE 01/1972; EATS N TREATS INC., STATUTORY AGENT - SINCE 01/2001; ACACIA MORTGAGE CORP., STATUTORY AGENT - SINCE 01/1984)

14. DISCLOSURE QUESTIONS

IF THE ANSWER TO ANY OF THE FOLLOWING QUESTIONS IS 'YES', COMPLETE DETAILS OF ALL EVENTS OR PROCEEDINGS ON APPROPRIATE DRP(S)

REFER TO THE EXPLANATION OF TERMS SECTION OF FORM U4 INSTRUCTIONS FOR EXPLANATIONS OF ITALICIZED TERMS.

Criminal Disclosure

14A. (1) Have you ever:	**YES**	**NO**
(a) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to any *felony?*	○	◉

(b) been *charged* with any *felony?* ○ ◉

(2) Based upon activities that occurred while you exercised *control* over it, has an organization ever:

(a) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic or foreign court to any *felony*? ○ ◉

(b) been *charged* with any *felony?* ○ ◉

14B. (1) Have you ever:

(a) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign or military court to a *misdemeanor involving:* investments or an *investment-related* business or any fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses? ○ ◉

(b) been *charged* with a *misdemeanor* specified in 14B(1)(a)? ○ ◉

(2) Based upon activities that occurred while you exercised *control* over it, has an organization ever:

(a) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic or foreign court to a *misdemeanor* specified in 14B(1)(a)? ○ ◉

(b) been *charged* with a *misdemeanor* specified in 14B(1)(a)? ○ ◉

Regulatory Action Disclosure

14C.	**Has the U.S. Securities and Exchange Commission or the Commodity Futures Trading Commission ever:**	**YES**	**NO**
	(1) *found* you to have made a false statement or omission?	○	◉
	(2) *found* you to have been *involved* in a violation of its regulations or statutes?	○	◉
	(3) *found* you to have been a cause of an *investment-related* business having its authorization to do business denied, suspended, revoked, or restricted?	○	◉
	(4) entered an *order* against you in connection with *investment-related* activity?	○	◉
	(5) imposed a civil money penalty on you, or *ordered* you to cease and desist from any activity?	○	◉
	(6) *found* you to have willfully violated any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or *found* you to have been unable to comply with any provision of such Act, rule or regulation?	○	◉
	(7) *found* you to have willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board?	○	◉
	(8) *found* you to have failed reasonably to supervise another person subject to your supervision, with a view to preventing the violation of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board?	○	◉

14D. (1) Has any other Federal regulatory agency or any state regulatory agency or *foreign financial regulatory authority* ever:

(a) *found* you to have made a false statement or omission or been dishonest, unfair or unethical? ○ ◉

(b) *found* you to have been *involved* in a violation of *investment-related* regulation(s) or statute(s)? ○ ◉

(c) *found* you to have been a cause of an *investment-related* business having its authorization to do business denied, suspended, revoked or restricted? ○ ◉

(d) entered an *order* against you in connection with an *investment-related* activity? ○ ◉

(e) denied, suspended, or revoked your registration or license or otherwise, by *order*, prevented you from associating with an *investment-related* business or restricted your activities? ○ ◉

(2) Have you been subject to any *final order* of a state securities commission (or any agency or officer performing like functions), state authority that supervises or examines banks, savings associations, or credit unions, state insurance commission (or any agency or office performing like functions), an appropriate *federal banking agency*, or the National Credit Union Administration, that:

(a) bars you from association with an entity regulated by such commission, authority, agency, or officer, or from engaging in the business of securities, insurance, banking, savings association activities, or credit union activities; or ○ ◉

(b) constitutes a *final order* based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? ○ ◉

14E. Has any *self-regulatory organization* ever:

(1) *found* you to have made a false statement or omission? ○ ◉

(2) *found* you to have been *involved* in a violation of its rules (other than a violation designated as a *"minor rule violation"* under a plan approved by the U.S. Securities and Exchange Commission)? ○ ◉

(3) *found* you to have been the cause of an *investment-related* business having its authorization to do business denied, suspended, revoked or restricted? ○ ◉

(4) disciplined you by expelling or suspending you from membership, barring or suspending your association with its members, or restricting your activities? ○ ◉

(5) *found* you to have willfully violated any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or *found* you to have been unable to comply with any provision of such Act, rule or regulation? ○ ◉

(6) *found* you to have willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? ○ ◉

(7) *found* you to have failed reasonably to supervise another person subject to your supervision, with a view to preventing the violation of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? ○ ◉

14F. Have you ever had an authorization to act as an attorney, accountant or federal contractor that was revoked or suspended? ○ ◉

14G. Have you been notified, in writing, that you are now the subject of any:

(1) regulatory complaint or *proceeding* that could result in a "yes" answer to any part of 14C, D or E? *(If yes, complete the Regulatory Action Disclosure Reporting Page.)* ○ ◉

(2) *investigation* that could result in a "yes" answer to any part of 14A, B, C, D or E? *(If yes, complete the Investigation Disclosure Reporting Page.)* ○ ◉

Civil Judicial Disclosure

14H. (1) Has any domestic or foreign court ever: **YES NO**

(a) *enjoined* you in connection with any *investment-related* activity? ○ ◉

(b) *found* that you were *involved* in a violation of any *investment-related* statute(s) or regulation(s)? ○ ◉

(c) dismissed, pursuant to a settlement agreement, an *investment-related* civil action brought against you by a state or *foreign financial regulatory authority*? ○ ◉

(2) Are you named in any pending *investment-related* civil action that could result in a "yes" answer to any part of 14H(1)? ○ ◉

Customer Complaint/Arbitration/Civil Litigation Disclosure

14I. (1) Have you ever been named as a respondent/defendant in an *investment-related*, consumer-initiated arbitration or civil litigation which alleged that you were *involved* in one or more *sales practice violations* and which: **YES NO**

(a) is still pending, or; ○ ◉

(b) resulted in an arbitration award or civil judgment against you, regardless of amount, or; ○ ◉

(c) was settled, prior to 05/18/2009, for an amount of $10,000 or more, or; ○ ◉

(d) was settled, on or after 05/18/2009, for an amount of $15,000 or more? ○ ◉

(2) Have you ever been the subject of an *investment-related*, consumer-initiated (written or oral) complaint, which alleged that you were *involved* in one or more *sales practice violations*, and which:

(a) was settled, prior to 05/18/2009 for an amount of $10,000 or more, or; ○ ◉

(b) was settled, on or after 05/18/2009, for an amount of $15,000 or more? ○ ◉

(3) Within the past twenty four (24) months, have you been the subject of an *investment-related*, consumer-initiated, written complaint, not otherwise reported under question 14I(2) above, which:

(a) alleged that you were *involved* in one or more *sales practice violations* and contained a claim for compensatory damages of $5,000 or more (if no damage amount is alleged, the complaint must be reported unless the firm has made a good faith determination that the damages from the alleged conduct would be less than $5,000), or; ◉ ○

(b) alleged that you were *involved* in forgery, theft, misappropriation or conversion of funds or securities? ○ ◉

Answer questions (4) and (5) below only for arbitration claims or civil litigation filed on or after 05/18/2009.

(4) Have you ever been the subject of an *investment-related*, consumer-initiated arbitration claim or civil litigation which alleged that you were *involved* in one or more *sales practice violations*, and which:

(a) was settled for an amount of $15,000 or more, or; ○ ◉

(b) resulted in an arbitration award or civil judgment against any named respondent (s)/defendant(s), regardless of any amount? ○ ◉

(5) Within the past twenty four (24) months, have you been the subject of an *investment-related*, consumer-initiated arbitration claim or civil litigation not otherwise reported under questions 14I(4) above, which:

(a) alleged that you were *involved* in one or more *sales practice violations* and contained a claim for compensatory damages of $5,000 or more (if no damage amount is alleged, the arbitration claim or civil litigation, must be reported unless the *firm* has made a good faith determination that the damages from the alleged conduct would be less than $5,000), or; ○ ◉

(b) alleged that you were *involved* in forgery, theft, misappropriation or conversion of funds or securities? ○ ◉

Termination Disclosure

14J. Have you ever voluntarily *resigned*, been discharged or permitted to *resign* after allegations were made that accused you of: **YES NO**

(1) violating *investment-related* statutes, regulations, rules, or industry standards of conduct? ◉ ○

(2) fraud or the wrongful taking of property? ◉ ○

(3) failure to supervise in connection with *investment-related* statutes, regulations, rules or industry standards of conduct? ○ ◉

Financial Disclosure

14K. Within the past 10 years:	**YES**	**NO**
(1) have you made a compromise with creditors, filed a bankruptcy petition or been the subject of an involuntary bankruptcy petition?	○	◉
(2) based upon events that occurred while you exercised *control* over it, has an organization made a compromise with creditors, filed a bankruptcy petition or been the subject of an involuntary bankruptcy petition?	○	◉
(3) based upon events that occurred while you exercised *control* over it, has a broker or dealer been the subject of an involuntary bankruptcy petition, or had a trustee appointed, or had a direct payment procedure initiated under the Securities Investor Protection Act?	○	◉
14L. Has a bonding company ever denied, paid out on, or revoked a bond for you?	○	◉
14M. Do you have any unsatisfied judgments or liens against you?	○	◉

15. SIGNATURE SECTION

Please Read Carefully

All signatures required on this Form U4 filing must be made in this section.

A "signature" includes a manual signature or an electronically transmitted equivalent. For purposes of an electronic form filing, a signature is effected by typing a name in the designated signature field. By typing a name in this field, the signatory acknowledges and represents that the entry constitutes in every way, use, or aspect, his or her legally binding signature.

15A INDIVIDUAL/APPLICANT'S ACKNOWLEDGMENT AND CONSENT
This section must be completed on all initial or Temporary Registration form filings.

15B FIRM/APPROPRIATE SIGNATORY REPRESENTATIONS
This section must be completed on all initial or Temporary Registration form filings.

15C TEMPORARY REGISTRATION ACKNOWLEDGMENT
This section must be completed on Temporary Registration form filings to be able to receive Temporary Registration.

15D INDIVIDUAL/APPLICANT'S AMENDMENT ACKNOWLEDGMENT AND CONSENT
This section must be completed on any amendment filing that amends any information in Section 14 (Disclosure Questions) or any Disclosure Reporting Page (DRP).

15E FIRM/APPROPRIATE SIGNATORY AMENDMENT REPRESENTATIONS
This section must be completed on all amendment form filings.

15F FIRM/APPROPRIATE SIGNATORY CONCURRENCE
This section must be completed to concur with a U4 filing made by another *firm* (IA/BD) on behalf of an individual that is also registered with that other *firm* (IA/BD).

15A. INDIVIDUAL/APPLICANT'S ACKNOWLEDGMENT AND CONSENT

1. I swear or affirm that I have read and understand the items and instructions on this form and that my answers (including attachments) are true and complete to the best of my knowledge. I understand that I am subject to administrative, civil or criminal penalties if I give false or misleading answers.

2. I apply for registration with the *jurisdictions* and *SROs* indicated in Section 4 (SRO REGISTRATION) and Section 5 (JURISDICTION REGISTRATION) as may be amended from time to time and, in consideration of the *jurisdictions* and *SROs* receiving and considering my application, I submit to the authority of the *jurisdictions* and *SROs* and agree to comply with all provisions, conditions and covenants of the statutes, constitutions, certificates of incorporation, by-laws and rules and regulations of the *jurisdictions* and *SROs* as they are or may be adopted, or amended from time to time. I further agree to be subject to and comply with all requirements, rulings, orders, directives and decisions of, and penalties, prohibitions and limitations imposed by the *jurisdictions* and *SROs*, subject to right of appeal or review as provided by law.
3. I agree that neither the *jurisdictions* or *SROs* nor any person acting on their behalf shall be liable to me for action taken or omitted to be taken in official capacity or in the scope of employment, except as otherwise provided in the statutes, constitutions, certificates of incorporation, by-laws or the rules and regulations of the *jurisdictions* and *SROs.*
4. I authorize the *jurisdictions*, *SROs*, and the *designated entity* to give any information they may have concerning me to any employer or prospective employer, any federal, state or municipal agency, or any other *SRO* and I release the *jurisdictions*, *SROs*, and the *designated entity*, and any person acting on their behalf from any and all liability of whatever nature by reason of furnishing such information.
5. I agree to arbitrate any dispute, claim or controversy that may arise between me and my *firm*, or a customer, or any other person, that is required to be arbitrated under the rules, constitutions, or by-laws of the *SROs* indicated in Section 4 (SRO REGISTRATION) as may be amended from time to time and that any arbitration award rendered against me may be entered as a judgment in any court of competent *jurisdiction.*
6. For the purpose of complying with the laws relating to the offer or sale of securities or commodities or investment advisory activities, I irrevocably appoint the administrator of each *jurisdiction* indicated in Section 5 (JURISDICTION REGISTRATION) as may be amended from time to time, or such other person designated by law, and the successors in such office, my attorney upon whom may be served any notice, process, pleading, subpoena or other document in any action or *proceeding* against me arising out of or in connection with the offer or sale of securities or commodities, or investment advisory activities or out of the violation or alleged violation of the laws of such *jurisdictions.* I consent that any such action or *proceeding* against me may be commenced in any court of competent *jurisdiction* and proper venue by service of process upon the appointee as if I were a resident of, and had been lawfully served with process in the *jurisdiction.* I request that a copy of any notice, process, pleading, subpoena or other document served hereunder be mailed to my current residential address as reflected in this form or any amendment thereto.
7. I consent that the service of any process, pleading, subpoena, or other document in any *investigation* or administrative *proceeding* conducted by the SEC, CFTC or a *jurisdiction* or in any civil action in which the SEC, CFTC or a *jurisdiction* are plaintiffs, or the notice of any *investigation* or *proceeding* by any *SRO* against the *applicant*, may be made by personal service or by regular, registered or certified mail or confirmed telegram to me at my most recent business or home address as reflected in this Form U4, or any amendment thereto, by leaving such documents or notice at such address, or by any other legally permissible means.

   I further stipulate and agree that any civil action or administrative *proceeding* instituted by the SEC, CFTC or a *jurisdiction* may be commenced by the service of process as described herein, and that service of an administrative subpoena shall be effected by such service, and that service as aforesaid shall be taken and held in all courts and administrative tribunals to be valid and binding as if personal service thereof had been made.

8. I authorize all my employers and any other person to furnish to any *jurisdiction, SRO, designated entity*, employer, prospective employer, or any agent acting on its behalf, any information they have, including without limitation my creditworthiness, character, ability, business activities, educational background, general reputation, history of my employment and, in the case of former employers, complete reasons for my termination. Moreover, I release each employer, former employer and each other person from any and all liability, of whatever nature, by reason of furnishing any of the above information, including that information reported on the Uniform Termination Notice for Securities Industry Registration (Form U5). I recognize that I may be the subject of an investigative consumer report and waive any requirement of notification with respect to any investigative consumer report ordered by any *jurisdiction*, *SRO*, *designated entity*, employer, or prospective employer. I understand that I have the right to request complete and accurate disclosure by the *jurisdiction, SRO, designated*

entity, employer or prospective employer of the nature and scope of the requested investigative consumer report.

9. I understand and certify that the representations in this form apply to all employers with whom I seek registration as indicated in Section 1 (GENERAL INFORMATION) or Section 6 (REGISTRATION REQUESTS WITH AFFILIATED FIRMS) of this form. I agree to update this form by causing an amendment to be filed on a timely basis whenever changes occur to answers previously reported. Further, I represent that, to the extent any information previously submitted is not amended, the information provided in this form is currently accurate and complete.
10. I authorize any employer or prospective employer to file electronically on my behalf any information required in this form or any amendment thereto; I certify that I have reviewed and approved the information to be submitted to any *jurisdiction* or *SRO* on this Form U4 Application; I agree that I will review and approve all disclosure information that will be filed electronically on my behalf; I further agree to waive any objection to the admissibility of the electronically filed records in any criminal, civil, or administrative *proceeding.*

Applicant or *applicant*'s agent has typed *applicant*'s name under this section to attest to the completeness and accuracy of this record. The *applicant* recognizes that this typed name constitutes, in every way, use or aspect, his or her legally binding signature.

Date (MM/DD/YYYY)
05/27/2010

Signature of *Applicant*
RICHARD MARK SCHMERMAN

Signature _____

15B. FIRM/APPROPRIATE SIGNATORY REPRESENTATIONS

To the best of my knowledge and belief, the *applicant* is currently bonded where required, and, at the time of approval, will be familiar with the statutes, constitution(s), rules and by-laws of the agency, *jurisdiction* or *SRO* with which this application is being filed, and the rules governing registered persons, and will be fully qualified for the position for which application is being made herein. I agree that, notwithstanding the approval of such agency, *jurisdiction* or *SRO* which hereby is requested, I will not employ the *applicant* in the capacity stated herein without first receiving the approval of any authority that may be required by law.

This *firm* has communicated with all of the *applicant*'s previous employers for the past three years and has documentation on file with the names of the persons contacted and the date of contact. In addition, I have taken appropriate steps to verify the accuracy and completeness of the information contained in and with this application.

I have provided the *applicant* an opportunity to review the information contained herein and the *applicant* has approved this information and signed the Form U4.

Date (MM/DD/YYYY)
05/27/2010

Signature of *Appropriate Signatory*
RICHARD MARK SCHMERMAN

Signature _____

BANKRUPTCY/SIPC/COMPROMISE WITH CREDITORS DRP

No Information Filed

BOND DRP

No Information Filed

CIVIL JUDICIAL DRP

No Information Filed

CRIMINAL DRP

No Information Filed

CUSTOMER COMPLAINT/ARBITRATION/CIVIL LITIGATION DRP

This Disclosure Reporting Page is an ◉ **INITIAL** or ○ **AMENDED** response to report details for affirmative response(s) to ***Question(s) 14I*** on Form U4;

Check the question(s) you are responding to, regardless of whether you are answering the question(s) "yes" or amending the answer(s) to "no":

CUSTOMER COMPLAINT/ARBITRATION/CIVIL LITIGATION Rev. DRP (05/2009)

☐ **14I(1)(a)**	☐ **14I(2)(a)**	☑ **14I(3)(a)**	☐ **14I(4)(a)**	☐ **14I(5)(a)**
☐ **14I(1)(b)**	☐ **14I(2)(b)**	☐ **14I(3)(b)**	☐ **14I(4)(b)**	☐ **14I(5)(b)**
☐ **14I(1)(c)**				
☐ **14I(1)(d)**				

One matter may result in more than one affirmative answer to the above items. Use a single DRP to report details relating to a particular matter (i.e., a customer complaint/arbitration/CFTC reparation/civil litigation). Use a separate DRP for each matter.

DRP Instructions:

- Complete items 1-6 for all matters (i.e., customer complaints, arbitrations/CFTC reparations and civil litigation in which a customer alleges that you were *involved* in *sales practice violations* and you are not named as a party, as well as arbitrations/CFTC reparations and civil litigation in which you are named as a party).
- If the matter involves a customer complaint, or an arbitration/CFTC reparation or civil litigation in which a customer alleges that you were *involved* in *sales practice violations* and you are not named as a party, complete items 7-11 as appropriate.
- If a customer complaint has evolved into an arbitration/CFTC reparation or civil litigation, amend the existing DRP by completing items 9 and 10.
- If the matter involves an arbitration/CFTC reparation in which you are a named party, complete items 12-16, as appropriate.
- If the matter involves a civil litigation in which you are a named party, complete items 17-23.
- Item 24 is an optional field and applies to all event types (i.e., customer complaint, arbitration/CFTC reparation, civil litigation).

Complete items 1-6 for all matters (i.e., customer complaints, arbitrations/CFTC reparations, civil litigation).

1. Customer Name(s):
   GLORIA AIKEN / ELIZABETH AIKEN

2. A. Customer(s) State of Residence (select "not on list" when the customer's residence is a foreign address):
   Arizona
   B. Other state(s) of residence/detail:

3. Employing *Firm* when activities occurred which led to the customer complaint, arbitration, CFTC reparation or civil litigation:
   UNITED PLANNERS' FINANCIAL SERVICES OF AMERICA

4. Allegation(s) and a brief summary of events related to the allegation(s) including dates when activities leading to the allegation(s) occurred:
   IN MAY 2005, PRIOR TO JOINING UNITED PLANNERS, MR. SCHMERMAN RECEIVED A CHECK FROM GLORIA AIKEN FOR $175,000. THIS CHECK WAS MADE OUT TO HIS DBA (DIVERSIFIED FINANCIAL) AND DEPOSITED IN TO HIS CHECKING ACCOUNT. THE CUSTOMER FUNDS WERE GIFTED TO HER DAUGHTER IN AUGUST 2008; HOWEVER, UNITED PLANNERS BELIEVED THAT THE ASSETS WERE NEVER INVESTED IN EITHER GLORIA AIKEN'S OR ELIZABETH AIKEN'S NAME. MR. SCHMERMAN PROVIDED PAYMENTS BACK TO THE AIKENS WITH INTEREST SINCE 2005 AND IT WAS NOTED BY

MR. SCHMERMAN AND ELIZABETH AIKEN (GLORIA AIKEN IS NOW DECEASED) THAT THE REMAINING BALANCE WAS $12,500 PLUS ANY INTEREST. UNITED PLANNERS CONDUCTED AN UNANNOUNCED AUDIT AND INVESTIGATED THE MATTER. ADDITIONALLY, UNITED PLANNERS PROVIDED ELIZABETH AIKEN WITH THE REMAINING BALANCE OF HER ACCOUNT ($12,784.15). UNITED PLANNERS ALLEGED THAT THERE WAS EVIDENCE OF COMMINGLING.

5. Product Type(s): (select all that apply)

☑ No Product	☐ Derivative	☐ Mutual Fund
☐ Annuity-Charitable	☐ Direct Investment-DPP & LP Interests	☐ Oil & Gas
☐ Annuity-Fixed	☐ Equipment Leasing	☐ Options
☐ Annuity-Variable	☐ Equity Listed (Common & Preferred Stock)	☐ Penny Stock
☐ Banking Products (other than CDs)	☐ Equity-OTC	☐ Prime Bank Instrument
☐ CD	☐ Futures Commodity	☐ Promissory Note
☐ Commodity Option	☐ Futures-Financial	☐ Real Estate Security
☐ Debt-Asset Backed	☐ Index Option	☐ Security Futures
☐ Debt-Corporate	☐ Insurance	☐ Unit Investment Trust
☐ Debt-Government	☐ Investment Contract	☐ Viatical Settlement
☐ Debt-Municipal	☐ Money Market Fund	☐ Other:

6. Alleged Compensatory Damage Amount:
$ 12,500.00

◉ Exact ○ Explanation (If no damage amount is alleged, the complaint must be reported unless the *firm* has made a good faith determination that the damages from the alleged conduct would be less than $5,000):

If the matter involves a customer complaint, arbitration/CFTC reparation or civil litigation in which a customer alleges that you were *involved* in *sales practice violations* and you are not named as a party, complete items 7-11 as appropriate.

Note: Report in Items 12-16, or 17-23, as appropriate, only arbitrations/CFTC reparations or civil litigation in which you are named as a party.

7. A. Is this an oral complaint?

○ Yes ◉ No

B. Is this a written complaint?

◉ Yes ○ No

C. Is this an arbitration/CFTC reparation or civil litigation?

○ Yes ◉ No

If yes, provide:
i. Arbitration/reparation forum or court name and location:

ii. Docket/Case#:

iii. Filing date of arbitration/CFTC reparation or civil litigation (MM/DD/YYYY):

D. Date received by/served on *firm* (MM/DD/YYYY):

02/26/2010 ◉ Exact ○ Explanation

If not exact, provide explanation:

8. Is the complaint, arbitration/CFTC reparation or civil litigation pending?

○ Yes ◉ No

If "No", complete item 9.

9. If the complaint, arbitration/CFTC reparation or civil litigation is not pending, provide status:

☐ Closed/No Action ☐ Withdrawn ☐ Denied ☑ Settled

☐ Arbitration Award/Monetary Judgment (for claimants/plaintiffs)
☐ Arbitration Award/Monetary Judgment (for respondents/defendants)
☐ Evolved into Arbitration/CFTC reparation (you are a named party)
☐ Evolved into Civil litigation (you are a named party)

If status is arbitration/CFTC reparation in which you are not a named party, provide details in item 7C.
If status is arbitration/CFTC reparation in which you are a named party, complete items 12-16.
If status is civil litigation in which you are a named party, complete items 17-23.

10. Status Date (MM/DD/YYYY):

03/05/2010 ◉ Exact ○ Explanation
If not exact, provide explanation:

11. Settlement/Award/Monetary Judgment:
A. Settlement/Award/Monetary Judgment amount:
$ 12,784.15
B. Your Contribution Amount:
$ 12,784.15

If the matter involves arbitration or CFTC reparation in which you are a named respondent, complete items 12-16, as appropriate.

12. A. Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):

B. Docket/Case#:

C. Date notice/process was served (MM/DD/YYYY):

○ Exact ○ Explanation
If not exact, provide explanation:

13. Is arbitration/ CFTC reparation pending?

○ Yes ○ No

If "No", complete item 14.

14. If the arbitration/CFTC reparation is not pending, what was the disposition?

☐ Award to Applicant (Agent/Representative) ☐ Award to Customer ☐ Denied ☐ Dismissed
☐ Judgment (other than monetary) ☐ No Action ☐ Settled ☐ Withdrawn

☐ Other :

15. Disposition Date (MM/DD/YYYY):

○ Exact ○ Explanation

If not exact, provide explanation:

16. Monetary Compensation Details (award, settlement, reparation amount):
A. Total Amount:

B. Your Contribution Amount:

If the matter involves a civil litigation in which you are a defendant, complete items 17-23.

17. Court in which case was filed:

○ Federal Court ○ State Court ○ Foreign Court ○ Military Court ○ Other :

A. Name of Court:

B. Location of Court (City or County and State or Country):

C. Docket/Case#:

18. Date notice/process was served (MM/DD/YYYY):

○ Exact ○ Explanation
If not exact, provide explanation:

19. Is the civil litigation pending?

○ Yes ○ No

If "No", complete item 20.

20. If the civil litigation is not pending, what was the disposition?

☐ Denied ☐ Dismissed ☐ Judgment (other than monetary)

☐ Monetary Judgment to Applicant (Agent/Representative) ☐ Monetary Judgment to Customer

☐ No Action ☐ Settled ☐ Withdrawn

☐ Other :

21. Disposition Date (MM/DD/YYYY):

○ Exact ○ Explanation
If not exact, provide explanation:

22. Monetary Compensation Details (judgment, restitution, settlement amount):
A. Total Amount:

B. Your Contribution Amount:

23. If action is currently on appeal:
A. Enter date appeal filed (MM/DD/YYYY):

○ Exact ○ Explanation
If not exact, provide explanation:

B. Court appeal filed in:

○ Federal Court ○ State Court ○ Foreign Court ○ Military Court ○ Other :

i. Name of Court:

ii. Location of Court (City or County and State or Country):

iii. Docket/Case#:

24. Comment (Optional). You may use this field to provide a brief summary of the circumstances leading to the customer complaint, arbitration/CFTC reparation and/or civil litigation as well as the current status or final disposition(s). Your information must fit within the space provided.
IN EARLY 2005, MR. SCHMERMAN WAS INTRODUCED TO GLORIA AIKEN ("GLORIA"). GLORIA GAVE MR. SCHMERMAN A CHECK IN THE AMOUNT OF $175,000 (THE "AIKEN FUNDS"), MADE PAYABLE TO DIVERSIFIED FINANCIAL, WITH A REQUEST THAT HE SEND THE AIKEN FUNDS TO A THIRD PARTY FOR SAFE-KEEPING. DIVERSIFIED FINANCIAL IS A DBA OF MR. SCHMERMAN, THAT HE USES FOR NON-PERSONAL ACTIVITY, WHICH INCLUDES BROKERAGE AND INVESTMENT ADVISORY SERVICES AS WELL AS HIS TAX CONSULTING AND PREPARATION SERVICES. NEITHER GLORIA NOR HER DAUGHTER, ELIZABETH AIKEN ("ELIZABETH"), WERE BROKERAGE OR INVESTMENT ADVISORY CLIENTS OF MR. SCHMERMAN, NOR DID THEY INTEND TO FORM SUCH A RELATIONSHIP. WITH THE KNOWLEDGE AND CONSENT OF GLORIA AND ELIZABETH, MR. SCHMERMAN DEPOSITED THE AIKEN FUNDS INTO DIVERSIFIED FINANCIAL'S ACCOUNT AND TRANSFERRED THE AIKEN FUNDS TO A THIRD PARTY IN FLORIDA WHERE THE AIKEN FUNDS ACCRUED INTEREST FOR THE BENEFIT OF GLORIA AND LATER ELIZABETH. THE AIKEN FUNDS WERE NEVER INTENDED TO BE BROKERAGE ASSETS OR ASSETS UNDER MR. SCHMERMAN'S MANAGEMENT. NONE OF MR. SCHMERMAN, DIVERSIFIED FINANCIAL, HIS BROKER-DEALER, HIS INVESTMENT ADVISER OR THE HOLDER OF THE AIKEN FUNDS, EVER COLLECTED COMMISSIONS OR FEES FOR ANY TRANSACTIONS OR FOR THE MANAGEMENT OF THESE FUNDS. SINCE 2005, MR. SCHMERMAN HAS MADE DISTRIBUTIONS OF THE AIKEN FUNDS TO GLORIA AND/OR ELIZABETH AT THEIR REQUEST. IN MARCH 2010, ELIZABETH TRIED TO CONTACT MR. SCHMERMAN REGARDING THE REMAINING BALANCE OF THE AIKEN FUNDS. WHEN MR. SCHMERMAN WAS NOT IMMEDIATELY AVAILABLE, ELIZABETH CONTACTED UNITED PLANNERS. UNITED PLANNERS RETURNED THE REMAINING BALANCE OF $12,784.15 TO ELIZABETH. THE CALL ALSO PROMPTED AN UNANNOUNCED AUDIT BY UNITED PLANNERS. AFTER UNITED PLANNERS COMPLETED ITS UNANNOUNCED AUDIT AND INTERVIEW OF ELIZABETH, UNITED PLANNERS NOTED THAT ELIZABETH'S ACCOUNT OF THE FACTS IN THIS MATTER WAS CONSISTENT WITH MR. SCHMERMAN'S ACCOUNT OF THE FACTS IN THIS MATTER. MR. SCHMERMAN WAS NOTIFIED BY UNITED PLANNERS THAT NO OTHER COMPLIANCE ISSUES AROSE DURING ITS INQUIRY.

INVESTIGATION DRP

No Information Filed

JUDGMENT LIEN DRP

No Information Filed

REGULATORY ACTION DRP

No Information Filed

TERMINATION DRP

This Disclosure Reporting Page is an ◉ **INITIAL** or ○ **AMENDED** response to report details for affirmative response(s) to ***Question(s) 14J*** on Form U4;

Check the question(s) you are responding to, regardless of whether you are answering the question(s) "yes" or amending the answer(s) to "no":

TERMINATION Rev. DRP (05/2009)

☑ **14J(1)** ☑ **14J(2)** ☐ **14J(3)**

One event may result in more than one affirmative answer to the above items. Use only one DRP to report details related to the same termination. Use a separate DRP for each termination reported.

1. Firm Name:
   UNITED PLANNERS FINANCIAL SERVICES OF AMERICA

2. Termination Type:
   Discharged

3. Termination Date:
   03/10/2010 ◉ Exact ○ Explanation
   If not exact, provide explanation:

4. Allegation(s):
   THE FIRM ALLEGED THAT AFTER INVESTIGATION MR. SCHMERMAN COMMINGLED CLIENT ASSETS WITH HIS CHECKING ACCOUNT.

5. Product Type(s): (select all that apply)

☑ No Product	☐ Derivative	☐ Mutual Fund
☐ Annuity-Charitable	☐ Direct Investment-DPP & LP Interests	☐ Oil & Gas
☐ Annuity-Fixed	☐ Equipment Leasing	☐ Options
☐ Annuity-Variable	☐ Equity Listed (Common & Preferred Stock)	☐ Penny Stock
☐ Banking Products (other than CDs)	☐ Equity-OTC	☐ Prime Bank Instrument
☐ CD	☐ Futures Commodity	☐ Promissory Note
☐ Commodity Option	☐ Futures-Financial	☐ Real Estate Security
☐ Debt-Asset Backed	☐ Index Option	☐ Security Futures
☐ Debt-Corporate	☐ Insurance	☐ Unit Investment Trust
☐ Debt-Government	☐ Investment Contract	☐ Viatical Settlement
☐ Debt-Municipal	☐ Money Market Fund	☐ Other:

6. Comment (Optional). You may use this field to provide a brief summary of the circumstances leading to the termination. Your information must fit within the space provided.
   NEITHER MR. SCHMERMAN NOR THE AIKENS INTENDED TO FORM A BROKER/CUSTOMER OR INVESTMENT ADVISER/CLIENT RELATIONSHIP WITH REGARD TO THE AIKEN FUNDS. THERE WAS NO EXPECTATION ON THE PART OF THE AIKENS THAT THEY WOULD RECEIVE BROKERAGE OR INVESTMENT ADVISORY SERVICES AND NO BROKERAGE OR INVESTMENT ADVISORY SERVICES OF ANY KIND WERE PERFORMED BY MR. SCHMERMAN OR DIVERSIFIED FINANCIAL ON BEHALF OF THE AIKENS. NEITHER MR. SCHMERMAN NOR DIVERSIFIED FINANCIAL, EVER COLLECTED COMMISSIONS OR FEES IN CONNECTIONS WITH OF THE AIKEN FUNDS. AFTER COMPLETING ITS INQUIRY, UNITED PLANNERS NOTED, IN MR. SCHMERMAN'S FORM U-5, THAT ELIZABETH'S ACCOUNT OF THE FACTS IN THIS MATTER WAS CONSISTENT WITH MR. SCHMERMAN'S ACCOUNT. ALL OF THE AIKEN FUNDS, TOGETHER WITH INTEREST, WERE RETURNED TO GLORIA AND/OR ELIZABETH UPON THEIR REQUEST. FINALLY, NO OTHER COMPLIANCE ISSUES WERE IDENTIFIED BY UNITED PLANNERS DURING THEIR INQUIRY.

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FORM U4
UNIFORM APPLICATION FOR SECURITIES INDUSTRY REGISTRATION OR TRANSFER

U4 - AMENDMENT 06/21/2010 Rev. Form U4 (05/2009)

Individual Name: SCHMERMAN, RICHARD MARK (1302988)

Firm Name: DIVERSIFIED FINANCIAL PLANNERS, LLC (153935)

1. GENERAL INFORMATION

First Name: RICHARD	**Middle Name:** MARK	**Last Name:** SCHMERMAN	**Suffix:**
***Firm* CRD #:** 153935	***Firm* Name:** DIVERSIFIED FINANCIAL PLANNERS, LLC	**Employment Date (MM/DD/YYYY):** 05/11/2010	
Firm Billing Code:	***Individual CRD #:*** 1302988	**Individual SSN:** xxx-xx-xxxx	

Do you have an independent contractor relationship with the above named firm?:

○ **Yes** ◉ **No**

Office of Employment Address

No items were found.

2. FINGERPRINT INFORMATION

Electronic Filing Representation

○ By selecting this option, I represent that I am submitting, have submitted, or promptly will submit to the appropriate *SRO* a fingerprint card as required under applicable *SRO* rules; or

Fingerprint card barcode

○ By selecting this option, I represent that I have been employed continuously by the *filing firm* since the last submission of a fingerprint card to CRD and am not required to resubmit a fingerprint card at this time; or,

○ By selecting this option, I represent that I have been employed continuously by the *filing firm* and my fingerprints have been processed by an *SRO* other than FINRA. I am submitting, have submitted, or promptly will submit the processed results for posting to CRD.

Exceptions to the Fingerprint Requirement

○ By selecting one or more of the following two options, I affirm that I am exempt from the federal fingerprint requirement because I/*filing firm* currently satisfy(ies) the requirements of at least one of the permissive exemptions indicated below pursuant to Rule 17f-2 under the Securities Exchange Act of 1934, including any notice or application requirements specified therein:

☐ Rule 17f-2(a)(1)(i)

☐ Rule 17f-2(a)(1)(iii)

Investment Adviser Representative Only Applicants

◉ I affirm that I am applying only as an investment adviser representative and that I am not also applying or have not also applied with this *firm* to become a broker-dealer representative. If this radio button/box is selected, continue below.

○ I am applying for registration only in *jurisdictions* that do not have fingerprint card filing requirements, or

EXHIBIT S-66 ADMITTED

◉ I am applying for registration in *jurisdictions* that have fingerprint card filing requirements and I am submitting, have submitted, or promptly will submit the appropriate fingerprint card directly to the *jurisdictions* for processing pursuant to applicable *jurisdiction* rules.

3. REGISTRATIONS WITH UNAFFILIATED FIRMS

Some *jurisdictions* prohibit "dual registration," which occurs when an individual chooses to maintain a concurrent registration as a representative/agent with two or more *firms* (either BD or IA *firms*) that are not affiliated. *Jurisdictions* that prohibit dual registration would not, for example, permit a broker-dealer agent working with brokerage *firm* A to maintain a registration with brokerage *firm* B if *firms* A and B are not owned or controlled by a common parent. Before seeking a dual registration status, you should consult the applicable rules or statutes of the *jurisdictions* with which you seek registration for prohibitions on dual registrations or any liability provisions.

Please indicate whether the individual will maintain a "dual registration" status by answering the questions in this section. (Note: An individual should answer 'yes' only if the individual is currently registered and is seeking registration with a *firm* (either BD or IA) that is not affiliated with the individual's current employing *firm*. If this is an initial application, an individual must answer 'no' to these questions; a "dual registration" may be initiated only after an initial registration has been established).

Answer "yes" or "no" to the following questions:	Yes	No
A. Will *applicant* maintain registration with a broker-dealer that is not *affiliated* with the *filing firm*? If you answer "yes," list the *firm*(s) in Section 12 (Employment History).	○	◉
B. Will *applicant* maintain registration with an investment adviser that is not *affiliated* with the *filing firm*? If you answer "yes," list the *firm*(s) in Section 12 (Employment History).	○	◉

4. SRO REGISTRATIONS

Check appropriate *SRO* Registration requests.
Qualifying examinations will be automatically scheduled if needed. If you are only scheduling or re-scheduling an exam, skip this section and complete Section 7 (EXAMINATION REQUESTS).

REGISTRATION CATEGORY	FINRA	NYSE	AMEX	BATS-ZX	BATS-YX	BOX	BX	EDGA	EDGX	NSX	ARCA	CBOE	C2	CHX	PHLX	ISE	NQX
OP - Registered Options Principal (S4)	☐	☐	☐	☐		☐	☐			☐	☐	☐	☐	☐	☐	☐	☐
IR - Investment Company and Variable Contracts Products Rep. (S6)	☐	☐	☐							☐							☐
GS - Full Registration/General Securities Representative (S7)	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
TR - Securities Trader (S7)		☐	☐							☐							
TS - Trading Supervisor (S7)		☐	☐							☐							
SU - General Securities Sales Supervisor (S9 and S10)	☐					☐	☐	☐	☐	☐	☐	☐	☐	☐	☐		☐

BM - Branch Office Manager (S9 and S10)		☐	☐													☐	
SM - Securities Manager (S10)		☐	☐														
AR - Assistant Representative/Order Processing (S11)	☐									☐				☐			☐
IE - United Kingdom - Limited General Securities Registered Representative (S17)	☐	☐	☐	☐	☐	☐	☐	☐	☐		☐	☐	☐		☐		☐
REGISTRATION CATEGORY	**FINRA**	**NYSE**	**AMEX**	**BATS-ZX**	**BATS-YX**	**BOX**	**BX**	**EDGA**	**EDGX**	**NSX**	**ARCA**	**CBOE**	**C2**	**CHX**	**PHLX**	**ISE**	**NQX**
DR - Direct Participation Program Representative (S22)	☐	☐	☐							☐				☐			
GP - General Securities Principal (S24)	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐			☐	☐	☐	☐
IP - Investment Company and Variable Contracts Products Principal (S26)	☐	☐	☐							☐							☐
FA - Foreign Associate	☐																
FN - Financial and Operations Principal (S27)	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
FI - Introducing Broker-Dealer/Financial and Operations Principal (S28)	☐	☐	☐							☐				☐			☐
RS - Research Analyst (S86, S87)	☐	☐	☐														
RP - Research Principal	☐																
DP - Direct Participation Program Principal (S39)	☐	☐	☐							☐				☐			
OR - Options Representative (S42)	☐					☐	☐							☐			☐
REGISTRATION CATEGORY	**FINRA**	**NYSE**	**AMEX**	**BATS-ZX**	**BATS-YX**	**BOX**	**BX**	**EDGA**	**EDGX**	**NSX**	**ARCA**	**CBOE**	**C2**	**CHX**	**PHLX**	**ISE**	**NQX**
MR - Municipal Securities Representative (S52)	☐	☐	☐							☐				☐			
MP - Municipal Securities Principal (S53)	☐	☐	☐							☐				☐			
CS - Corporate Securities Representative (S62)	☐	☐	☐							☐				☐			☐

RG - Government Securities Representative (S72)	☐																
PG - Government Securities Principal (S73)	☐																
SA - Supervisory Analyst (S16)	☐	☐	☐														
PR - Limited Representative - Private Securities Offerings (S82)	☐	☐	☐														
CD - Canada-Limited General Securities Registered Representative (S37)	☐	☐	☐	☐	☐	☐		☐	☐		☐	☐	☐				☐
CN - Canada-Limited General Securities Registered Representative (S38)	☐	☐	☐	☐	☐	☐		☐	☐		☐	☐	☐				☐
ET - Equity Trader (S55)	☐	☐	☐							☐							☐
REGISTRATION CATEGORY	**FINRA**	**NYSE**	**AMEX**	**BATS-ZX**	**BATS-YX**	**BOX**	**BX**	**EDGA**	**EDGX**	**NSX**	**ARCA**	**CBOE**	**C2**	**CHX**	**PHLX**	**ISE**	**NQX**
AM - Allied Member		☐	☐								☐						
AP - Approved Person		☐	☐			☐	☐				☐	☐	☐		☐	☐	☐
LE - Securities Lending Representative		☐	☐														
LS - Securities Lending Supervisor		☐	☐														
ME - Member Exchange		☐	☐			☐	☐			☐				☐	☐		
FE - Floor Employee		☐	☐			☐	☐			☐	☐				☐		
OF - Officer		☐	☐							☐							
CO - Compliance Official (S14)		☐	☐													☐	
CF - Compliance Official Specialist (S14A)		☐	☐														
PM - Floor Member Conducting Public Business		☐	☐														
REGISTRATION CATEGORY	**FINRA**	**NYSE**	**AMEX**	**BATS-ZX**	**BATS-YX**	**BOX**	**BX**	**EDGA**	**EDGX**	**NSX**	**ARCA**	**CBOE**	**C2**	**CHX**	**PHLX**	**ISE**	**NQX**
PC - Floor Clerk Conducting Public Business		☐	☐														
SC - Specialist Clerk (S21)		☐	☐														
TA - Trading Assistant (S25)		☐	☐														

FP - Municipal Fund (S51)	☐																
IF - In-Firm Delivery Proctor	☐	☐	☐														
MM - Market Maker Authorized Trader-Options (S44)											☐						
FB - Floor Broker											☐						
MB - Market Maker acting as Floor Broker											☐						
OT - Authorized Trader (S7)			☐								☐						
MT - Market Maker Authorized Trader-Equities (S7)				☐	☐			☐	☐		☐						
REGISTRATION CATEGORY	**FINRA**	**NYSE**	**AMEX**	**BATS-ZX**	**BATS-YX**	**BOX**	**BX**	**EDGA**	**EDGX**	**NSX**	**ARCA**	**CBOE**	**C2**	**CHX**	**PHLX**	**ISE**	**NQX**
IB - Investment Banking Representative (S79)	☐																
OS - Operations Professional (S99)	☐																
AF - Floor Broker - Options			☐														
AO - Market Maker - Options			☐														
AC - Floor Clerk - Options			☐														
CT - Proprietary Trader Compliance Officer (S56, S14)												☐	☐			☐	
PT - Proprietary Trader (S56)			☐			☐	☐	☐	☐	☐	☐	☐	☐		☐	☐	☐
TP - Proprietary Trader Principal (S56, S24)						☐	☐					☐	☐		☐	☐	☐
Other _____ (Paper Form Only)																	

5. JURISDICTION REGISTRATION

Check appropriate *jurisdiction(s)* for broker-dealer agent (AG) and/or investment adviser representative (RA) registration requests.

JURISDICTION	AG	RA	JURISDICTION	AG	RA	JURISDICTION	AG	RA	JURISDICTION	AG	RA
Alabama	☐	☐	Illinois	☐	☐	Montana	☐	☐	Puerto Rico	☐	☐
Alaska	☐	☐	Indiana	☐	☐	Nebraska	☐	☐	Rhode Island	☐	☐
Arizona	☐	☑	Iowa	☐	☐	Nevada	☐	☐	South Carolina	☐	☐
Arkansas	☐	☐	Kansas	☐	☐	New Hampshire	☐	☐	South Dakota	☐	☐
California	☐	☐	Kentucky	☐	☐	New Jersey	☐	☐	Tennessee	☐	☐

Colorado	☐ ☐	Louisiana	☐ ☐	New Mexico	☐ ☐	Texas	☐ ☐
Connecticut	☐ ☐	Maine	☐ ☐	New York	☐ ☐	Utah	☐ ☐
Delaware	☐ ☐	Maryland	☐ ☐	North Carolina	☐ ☐	Vermont	☐ ☐
District of Columbia	☐ ☐	Massachusetts	☐ ☐	North Dakota	☐ ☐	Virgin Islands	☐ ☐
Florida	☐ ☐	Michigan	☐ ☐	Ohio	☐ ☐	Virginia	☐ ☐
Georgia	☐ ☐	Minnesota	☐ ☐	Oklahoma	☐ ☐	Washington	☐ ☐
Hawaii	☐ ☐	Mississippi	☐ ☐	Oregon	☐ ☐	West Virginia	☐ ☐
Idaho	☐ ☐	Missouri	☐ ☐	Pennsylvania	☐ ☐	Wisconsin	☐ ☐
						Wyoming	☐ ☐

AGENT OF THE ISSUER REGISTRATION (AI) ☐ **Indicate 2 letter *jurisdiction* code (s):**_____

6. REGISTRATION REQUESTS WITH AFFILIATED FIRMS

Will *applicant* maintain registration with *firm*(s) under common ownership or control with the *filing firm*? If "yes", fill in the details to indicate a request for registration with additional *firm*(s).

○ **Yes** ◉ **No**

No Information Filed

7. EXAMINATION REQUESTS

Scheduling or Rescheduling Examinations Complete this section only if you are scheduling or rescheduling an examination or continuing education session. Do not select the Series 63 (S63) or Series 65 (S65) examinations in this section if you have completed Section 5 (JURISDICTION REGISTRATION) and have selected registration in a *jurisdiction*. If you have completed Section 5 (JURISDICTION REGISTRATION), and requested an AG registration in a *jurisdiction* that requires that you pass the S63 examination, an S63 examination will be automatically scheduled for you upon submission of this Form U4. If you have completed Section 5 (JURISDICTION REGISTRATION), and requested an RA registration in a *jurisdiction* that requires that you pass the S65 examination, an S65 examination will be automatically scheduled for you upon submission of this Form U4.

☐ **S3**	☐ **S14**	☐ **S28**	☐ **S42**	☐ **S53**	☐ **S79**
☐ **S4**	☐ **S16**	☐ **S30**	☐ **S44**	☐ **S55**	☐ **S82**
☐ **S5**	☐ **S17**	☐ **S31**	☐ **S45**	☐ **S56**	☐ **S86**
☐ **S6**	☐ **S22**	☐ **S32**	☐ **S46**	☐ **S62**	☐ **S87**
☐ **S7**	☐ **S23**	☐ **S33**	☐ **S51**	☐ **S63**	☐ **S99**
☐ **S9**	☐ **S24**	☐ **S37**	☐ **S52**	☐ **S65**	☐ **S101**
☐ **S10**	☐ **S26**	☐ **S38**		☐ **S66**	☐ **S106**
☐ **S11**	☐ **S27**	☐ **S39**		☐ **S72**	☐ **S201**

Other _____ (Paper Form Only)

OPTIONAL: Foreign Exam City _____ Date (MM/DD/YYYY) _____

8. PROFESSIONAL DESIGNATIONS

Select each designation you currently maintain.

- [x] **Certified Financial Planner**
- [x] **Chartered Financial Consultant (ChFC)**
- [ ] **Personal Financial Specialist (PFS)**
- [ ] **Chartered Financial Analyst (CFA)**
- [ ] **Chartered Investment Counselor (CIC)**

9. IDENTIFYING INFORMATION/NAME CHANGE

First Name: RICHARD	**Middle Name:** MARK	**Last Name:** SCHMERMAN
Suffix:	**Date of Birth (MM/DD/YYYY)** [redacted]	
State/Province of Birth COLORADO SPRINGS, COLORADO	**Country of Birth** USA	**Sex** ◉ Male ○ Female
Height (ft) 5	**Height (in)** 10	**Weight (lbs)** 240
Hair Color Brown	**Eye Color** Brown	

10. OTHER NAMES

No Information Filed

11. RESIDENTIAL HISTORY

Starting with the current address, give all addresses for the past 5 years. Report changes as they occur.

From	To	Street	City	State	Country	Postal Code
11/1991	PRESENT	[redacted]	[redacted]	AZ	United States	[redacted]

12. EMPLOYMENT HISTORY

Provide complete employment history for the past 10 years. Include the *firm*(s) noted in Section 1 (GENERAL INFORMATION) and Section 6 (REGISTRATION REQUESTS WITH AFFILIATED FIRMS). Include all *firm*(s) from Section 3 (REGISTRATION WITH UNAFFILIATED FIRMS). Account for all time including full and part-time employments, self-employment, military service, and homemaking. Also include statuses such as unemployed, full-time education, extended travel, or other similar statuses.
Report changes as they occur.

From	To	Name of *Firm* or Company	*Investment-Related* business?	City	State	Country	Position
01/1984	PRESENT	SCHMERMAN BUILDINGS, LTD.	○ Yes ◉ No	PHOENIX	AZ	USA	VICE PRESIDENT
05/2010	PRESENT	DIVERSIFIED FINANCIAL PLANNERS, LLC	◉ Yes ○ No	PHOENIX	AZ	USA	MEMBER

06/1984	PRESENT	DIVERSIFIED FINANCIAL TAX PLANNING	◉ Yes ○ No	PHOENIX	AZ	USA	TAX PLANNING
01/1972	PRESENT	E-Z CLOTHING & JEWELRY, INC.	○ Yes ◉ No	PHOENIX	AZ	USA	VICE PRESIDENT
05/2008	03/2010	UNITED PLANNERS' FINANCIAL SERVICES OF AMERICA	◉ Yes ○ No	SCOTTSDALE	AZ	USA	REG REP
03/1999	03/2008	MUTUAL SERVICE CORPORATION	◉ Yes ○ No	WEST PALM BECH	FL	USA	REPRESENTATIVE
11/1989	03/1999	TITAN/VALUE EQUITIES GROUP, INC.	◉ Yes ○ No	PHOENIX	AZ	USA	REPRESENTATIVE
11/1986	11/1989	VALUE EQUITIES CORPORATION	◉ Yes ○ No	PHOENIX	AZ	USA	REG REP
11/1984	11/1986	DAVID TALBOT	○ Yes ◉ No	TEMPE	AZ	USA	OTHER

13. OTHER BUSINESS

Are you currently engaged in any other business either as a proprietor, partner, officer, director, employee, trustee, agent or otherwise? (Please exclude non *investment-related* activity that is exclusively charitable, civic, religious or fraternal and is recognized as tax exempt.) If YES, please provide the following details: the name of the other business, whether the business is *investment-related*, the address of the other business, the nature of the other business, your position, title, or relationship with the other business, the start date of your relationship, the approximate number of hours/month you devote to the other business, the number of hours you devote to the other business during securities trading hours, and briefly describe your duties relating to the other business.

◉ Yes ○ No

DIVERSIFIED FINANCIAL, DBA, TAX PLANNING - OWNER -PHOENIX, AZ - SINCE 06/1984 - ACCOUNTING, BOOKKEEEPING, TAX PLANNING - SERVE AS OFFICER OR STATUTORY AGENT FOR CLIENTS (SCHMERMAN BUILDINGS LTD. VICE PRES., SINCE 01/1984; E-2 CLOTHING AND JEWERLY, INC., VICE PRES - SINCE 01/1972; EATS N TREATS INC., STATUTORY AGENT - SINCE 01/2001; ACACIA MORTGAGE CORP., STATUTORY AGENT - SINCE 01/1984)

14. DISCLOSURE QUESTIONS

IF THE ANSWER TO ANY OF THE FOLLOWING QUESTIONS IS 'YES', COMPLETE DETAILS OF ALL EVENTS OR PROCEEDINGS ON APPROPRIATE DRP(S)

REFER TO THE EXPLANATION OF TERMS SECTION OF FORM U4 INSTRUCTIONS FOR EXPLANATIONS OF ITALICIZED TERMS.

Criminal Disclosure

	YES	NO
14A. (1) Have you ever:		
(a) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to any *felony?*	○	◉
(b) been *charged* with any *felony?*	○	◉
(2) Based upon activities that occurred while you exercised *control* over it, has an organization ever:		
(a) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic or foreign court to any *felony*?	○	◉

(b) been *charged* with any *felony?* ○ ◉

14B. (1) Have you ever:

(a) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign or military court to a *misdemeanor involving:* investments or an *investment-related* business or any fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses? ○ ◉

(b) been *charged* with a *misdemeanor* specified in 14B(1)(a)? ○ ◉

(2) Based upon activities that occurred while you exercised *control* over it, has an organization ever:

(a) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic or foreign court to a *misdemeanor* specified in 14B(1)(a)? ○ ◉

(b) been *charged* with a *misdemeanor* specified in 14B(1)(a)? ○ ◉

Regulatory Action Disclosure

14C.	**Has the U.S. Securities and Exchange Commission or the Commodity Futures Trading Commission ever:**	**YES**	**NO**
	(1) *found* you to have made a false statement or omission?	○	◉
	(2) *found* you to have been *involved* in a violation of its regulations or statutes?	○	◉
	(3) *found* you to have been a cause of an *investment-related* business having its authorization to do business denied, suspended, revoked, or restricted?	○	◉
	(4) entered an *order* against you in connection with *investment-related* activity?	○	◉
	(5) imposed a civil money penalty on you, or *ordered* you to cease and desist from any activity?	○	◉
	(6) *found* you to have willfully violated any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or *found* you to have been unable to comply with any provision of such Act, rule or regulation?	○	◉
	(7) *found* you to have willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board?	○	◉
	(8) *found* you to have failed reasonably to supervise another person subject to your supervision, with a view to preventing the violation of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board?	○	◉

14D. (1) Has any other Federal regulatory agency or any state regulatory agency or *foreign financial regulatory authority* ever:

(a) *found* you to have made a false statement or omission or been dishonest, unfair or unethical? ○ ◉

(b) *found* you to have been *involved* in a violation of *investment-related* regulation(s) or statute(s)? ○ ◉

(c) *found* you to have been a cause of an *investment-related* business having its authorization to do business denied, suspended, revoked or restricted? ○ ◉

(d) entered an *order* against you in connection with an *investment-related* activity? ○ ◉

(e) denied, suspended, or revoked your registration or license or otherwise, by *order*, prevented you from associating with an *investment-related* business or restricted your activities? ○ ◉

(2) Have you been subject to any *final order* of a state securities commission (or any agency or officer performing like functions), state authority that supervises or examines banks, savings associations, or credit unions, state insurance commission (or any agency or office performing like functions), an appropriate *federal banking agency*, or the National Credit Union Administration, that:

(a) bars you from association with an entity regulated by such commission, authority, agency, or officer, or from engaging in the business of securities, insurance, banking, savings association activities, or credit union activities; or ○ ◉

(b) constitutes a *final order* based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? ○ ◉

14E. Has any *self-regulatory organization* ever:

(1) *found* you to have made a false statement or omission? ○ ◉

(2) *found* you to have been *involved* in a violation of its rules (other than a violation designated as a *"minor rule violation"* under a plan approved by the U.S. Securities and Exchange Commission)? ○ ◉

(3) *found* you to have been the cause of an *investment-related* business having its authorization to do business denied, suspended, revoked or restricted? ○ ◉

(4) disciplined you by expelling or suspending you from membership, barring or suspending your association with its members, or restricting your activities? ○ ◉

(5) *found* you to have willfully violated any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or *found* you to have been unable to comply with any provision of such Act, rule or regulation? ○ ◉

(6) *found* you to have willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? ○ ◉

(7) *found* you to have failed reasonably to supervise another person subject to your supervision, with a view to preventing the violation of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? ○ ◉

14F. Have you ever had an authorization to act as an attorney, accountant or federal contractor that was revoked or suspended? ○ ◉

14G. Have you been notified, in writing, that you are now the subject of any:

(1) regulatory complaint or *proceeding* that could result in a "yes" answer to any part of 14C, D or E? *(If yes, complete the Regulatory Action Disclosure Reporting Page.)* ○ ◉

(2) *investigation* that could result in a "yes" answer to any part of 14A, B, C, D or E? *(If yes, complete the Investigation Disclosure Reporting Page.)* ○ ◉

Civil Judicial Disclosure

14H. (1) Has any domestic or foreign court ever: **YES NO**

(a) *enjoined* you in connection with any *investment-related* activity? ○ ◉

(b) *found* that you were *involved* in a violation of any *investment-related* statute(s) or regulation(s)? ○ ◉

(c) dismissed, pursuant to a settlement agreement, an *investment-related* civil action brought against you by a state or *foreign financial regulatory authority*? ○ ◉

(2) Are you named in any pending *investment-related* civil action that could result in a "yes" answer to any part of 14H(1)? ○ ◉

Customer Complaint/Arbitration/Civil Litigation Disclosure

14I. (1) Have you ever been named as a respondent/defendant in an *investment-related*, consumer-initiated arbitration or civil litigation which alleged that you were *involved* in one or more *sales practice violations* and which: **YES NO**

(a) is still pending, or; ○ ◉

(b) resulted in an arbitration award or civil judgment against you, regardless of amount, or; ○ ◉

(c) was settled, prior to 05/18/2009, for an amount of $10,000 or more, or; ○ ◉

(d) was settled, on or after 05/18/2009, for an amount of $15,000 or more? ○ ◉

(2) Have you ever been the subject of an *investment-related*, consumer-initiated (written or oral) complaint, which alleged that you were *involved* in one or more *sales practice violations*, and which:

(a) was settled, prior to 05/18/2009 for an amount of $10,000 or more, or; ○ ◉

(b) was settled, on or after 05/18/2009, for an amount of $15,000 or more? ○ ◉

(3) Within the past twenty four (24) months, have you been the subject of an *investment-related*, consumer-initiated, written complaint, not otherwise reported under question 14I(2) above, which:

(a) alleged that you were *involved* in one or more *sales practice violations* and contained a claim for compensatory damages of $5,000 or more (if no damage amount is alleged, the complaint must be reported unless the firm has made a good faith determination that the damages from the alleged conduct would be less than $5,000), or; ◉ ○

(b) alleged that you were *involved* in forgery, theft, misappropriation or conversion of funds or securities? ○ ◉

Answer questions (4) and (5) below only for arbitration claims or civil litigation filed on or after 05/18/2009.

(4) Have you ever been the subject of an *investment-related*, consumer-initiated arbitration claim or civil litigation which alleged that you were *involved* in one or more *sales practice violations*, and which:

(a) was settled for an amount of $15,000 or more, or; ○ ◉

(b) resulted in an arbitration award or civil judgment against any named respondent (s)/defendant(s), regardless of any amount? ○ ◉

(5) Within the past twenty four (24) months, have you been the subject of an *investment-related*, consumer-initiated arbitration claim or civil litigation not otherwise reported under questions 14I(4) above, which:

(a) alleged that you were *involved* in one or more *sales practice violations* and contained a claim for compensatory damages of $5,000 or more (if no damage amount is alleged, the arbitration claim or civil litigation, must be reported unless the *firm* has made a good faith determination that the damages from the alleged conduct would be less than $5,000), or; ○ ◉

(b) alleged that you were *involved* in forgery, theft, misappropriation or conversion of funds or securities? ○ ◉

Termination Disclosure

14J. Have you ever voluntarily *resigned*, been discharged or permitted to *resign* after allegations were made that accused you of: **YES NO**

(1) violating *investment-related* statutes, regulations, rules, or industry standards of conduct? ◉ ○

(2) fraud or the wrongful taking of property? ◉ ○

(3) failure to supervise in connection with *investment-related* statutes, regulations, rules or industry standards of conduct? ○ ◉

Financial Disclosure

14K. Within the past 10 years:	**YES**	**NO**
(1) have you made a compromise with creditors, filed a bankruptcy petition or been the subject of an involuntary bankruptcy petition?	○	◉
(2) based upon events that occurred while you exercised *control* over it, has an organization made a compromise with creditors, filed a bankruptcy petition or been the subject of an involuntary bankruptcy petition?	○	◉
(3) based upon events that occurred while you exercised *control* over it, has a broker or dealer been the subject of an involuntary bankruptcy petition, or had a trustee appointed, or had a direct payment procedure initiated under the Securities Investor Protection Act?	○	◉
14L. Has a bonding company ever denied, paid out on, or revoked a bond for you?	○	◉
14M. Do you have any unsatisfied judgments or liens against you?	○	◉

15. SIGNATURE SECTION

Please Read Carefully

All signatures required on this Form U4 filing must be made in this section.

A "signature" includes a manual signature or an electronically transmitted equivalent. For purposes of an electronic form filing, a signature is effected by typing a name in the designated signature field. By typing a name in this field, the signatory acknowledges and represents that the entry constitutes in every way, use, or aspect, his or her legally binding signature.

15A INDIVIDUAL/APPLICANT'S ACKNOWLEDGMENT AND CONSENT
This section must be completed on all initial or Temporary Registration form filings.

15B FIRM/APPROPRIATE SIGNATORY REPRESENTATIONS
This section must be completed on all initial or Temporary Registration form filings.

15C TEMPORARY REGISTRATION ACKNOWLEDGMENT
This section must be completed on Temporary Registration form filings to be able to receive Temporary Registration.

15D INDIVIDUAL/APPLICANT'S AMENDMENT ACKNOWLEDGMENT AND CONSENT
This section must be completed on any amendment filing that amends any information in Section 14 (Disclosure Questions) or any Disclosure Reporting Page (DRP).

15E FIRM/APPROPRIATE SIGNATORY AMENDMENT REPRESENTATIONS
This section must be completed on all amendment form filings.

15F FIRM/APPROPRIATE SIGNATORY CONCURRENCE
This section must be completed to concur with a U4 filing made by another *firm* (IA/BD) on behalf of an individual that is also registered with that other *firm* (IA/BD).

15C. TEMPORARY REGISTRATION ACKNOWLEDGMENT

If an *applicant* has been registered in a *jurisdiction* or *self regulatory organization (SRO)* in the 30 days prior to the date an application for registration is filed with the Central Registration Depository or Investment Adviser Registration Depository, he or she may qualify for a Temporary Registration to conduct securities business in that *jurisdiction* or *SRO* if this acknowledgment is executed and filed with the Form U4 at the *applicant*'s *firm*.

This acknowledgment must be signed only if the *applicant* intends to apply for a Temporary Registration while the application for registration is under review.

I request a Temporary Registration in each *jurisdiction* and/or *SRO* requested on this Form U4, while my registration with the *jurisdiction*(s) and/or *SRO*(s) requested is under review;

I am requesting a Temporary Registration with the *firm* filing on my behalf for the *jurisdiction*(s) and/or *SRO*(s) noted in Section 4 (SRO REGISTRATION) and/or Section 5 (JURISDICTION REGISTRATION) of this Form U4;

I understand that I may request a Temporary Registration only in those *jurisdiction*(s) and/or *SRO*(s) in which I have been registered with my prior *firm* within the previous 30 days;

I understand that I may not engage in any securities activities requiring registration in a *jurisdiction* and/or *SRO* until I have received notice from the CRD or IARD that I have been granted a Temporary Registration in that *jurisdiction* and/or *SRO*;

I agree that until the Temporary Registration has been replaced by a registration, any *jurisdiction* and/or *SRO* in which I have applied for registration may withdraw the Temporary Registration;

If a *jurisdiction* or *SRO* withdraws my Temporary Registration, my application will then be held pending in that *jurisdiction* and/or *SRO* until its review is complete and the registration is granted or denied, or the application is withdrawn;

I understand and agree that, in the event my Temporary Registration is withdrawn by a *jurisdiction* and/or *SRO*, I must immediately cease any securities activities requiring a registration in that *jurisdiction* and/or *SRO* until it grants my registration;

I understand that by executing this Acknowledgment I am agreeing not to challenge the withdrawal of a Temporary Registration; however, I do not waive any right I may have in any *jurisdiction* and/or *SRO* with respect to any decision by that *jurisdiction* and/or *SRO* to deny my application for registration.

Date (MM/DD/YYYY)
06/21/2010

Signature of *Applicant*
RICHARD M. SCHMERMAN

Signature _____

15D. AMENDMENT INDIVIDUAL/APPLICANT'S ACKNOWLEDGMENT AND CONSENT

Date (MM/DD/YYYY)
06/21/2010

Signature of *Applicant*
RICHARD M. SCHMERMAN

Signature _____

15E. FIRM/APPROPRIATE SIGNATORY AMENDMENT REPRESENTATIONS

Date (MM/DD/YYYY)
06/21/2010

Signature of *Appropriate Signatory*
RICHARD M. SCHMERMAN

Signature _____

BANKRUPTCY/SIPC/COMPROMISE WITH CREDITORS DRP

No Information Filed

BOND DRP

No Information Filed

CIVIL JUDICIAL DRP

No Information Filed

CRIMINAL DRP

No Information Filed

CUSTOMER COMPLAINT/ARBITRATION/CIVIL LITIGATION DRP

Check the question(s) you are responding to, regardless of whether you are answering the question(s) "yes" or amending the answer(s) to "no":

CUSTOMER COMPLAINT/ARBITRATION/CIVIL LITIGATION Rev. DRP (05/2009)

☐ **14I(1)(a)**	☐ **14I(2)(a)**	☑ **14I(3)(a)**	☐ **14I(4)(a)**	☐ **14I(5)(a)**
☐ **14I(1)(b)**	☐ **14I(2)(b)**	☐ **14I(3)(b)**	☐ **14I(4)(b)**	☐ **14I(5)(b)**
☐ **14I(1)(c)**				
☐ **14I(1)(d)**				

One matter may result in more than one affirmative answer to the above items. Use a single DRP to report details relating to a particular matter (i.e., a customer complaint/arbitration/CFTC reparation/civil litigation). Use a separate DRP for each matter.

DRP Instructions:

- Complete items 1-6 for all matters (i.e., customer complaints, arbitrations/CFTC reparations and civil litigation in which a customer alleges that you were *involved* in *sales practice violations* and you are not named as a party, as well as arbitrations/CFTC reparations and civil litigation in which you are named as a party).
- If the matter involves a customer complaint, or an arbitration/CFTC reparation or civil litigation in which a customer alleges that you were *involved* in *sales practice violations* and you are not named as a party, complete items 7-11 as appropriate.
- If a customer complaint has evolved into an arbitration/CFTC reparation or civil litigation, amend the existing DRP by completing items 9 and 10.
- If the matter involves an arbitration/CFTC reparation in which you are a named party, complete items 12-16, as appropriate.
- If the matter involves a civil litigation in which you are a named party, complete items 17-23.
- Item 24 is an optional field and applies to all event types (i.e., customer complaint, arbitration/CFTC reparation, civil litigation).

Complete items 1-6 for all matters (i.e., customer complaints, arbitrations/CFTC reparations, civil litigation).

1. Customer Name(s):
   GLORIA AIKEN / ELIZABETH AIKEN

2. A. Customer(s) State of Residence (select "not on list" when the customer's residence is a foreign address):
   Arizona
   B. Other state(s) of residence/detail:

3. Employing *Firm* when activities occurred which led to the customer complaint, arbitration, CFTC reparation or civil litigation:
   UNITED PLANNERS' FINANCIAL SERVICES OF AMERICA

4. Allegation(s) and a brief summary of events related to the allegation(s) including dates when activities leading to the allegation(s) occurred:
   IN MAY 2005, PRIOR TO JOINING UNITED PLANNERS, MR. SCHMERMAN RECEIVED A CHECK FROM GLORIA AIKEN FOR $175,000. THIS CHECK WAS MADE OUT TO HIS DBA (DIVERSIFIED FINANCIAL) AND DEPOSITED IN TO HIS CHECKING ACCOUNT. THE CUSTOMER FUNDS WERE GIFTED TO HER DAUGHTER IN AUGUST 2008; HOWEVER, UNITED PLANNERS BELIEVED THAT THE ASSETS WERE NEVER INVESTED IN EITHER GLORIA AIKEN'S OR ELIZABETH AIKEN'S NAME. MR. SCHMERMAN PROVIDED PAYMENTS BACK TO THE AIKENS WITH INTEREST SINCE 2005 AND IT WAS NOTED BY MR. SCHMERMAN AND ELIZABETH AIKEN (GLORIA AIKEN IS NOW DECEASED) THAT THE REMAINING BALANCE WAS $12,500 PLUS ANY INTEREST. UNITED PLANNERS CONDUCTED AN UNANNOUNCED AUDIT AND INVESTIGATED THE MATTER. ADDITIONALLY, UNITED PLANNERS PROVIDED ELIZABETH AIKEN WITH THE REMAINING BALANCE OF HER ACCOUNT ($12,784.15). UNITED PLANNERS ALLEGED THAT THERE WAS EVIDENCE OF COMMINGLING.

5. Product Type(s): (select all that apply)

☑ No Product	☐ Derivative	☐ Mutual Fund
☐ Annuity-Charitable	☐ Direct Investment-DPP & LP Interests	☐ Oil & Gas
☐ Annuity-Fixed	☐ Equipment Leasing	☐ Options
☐ Annuity-Variable	☐ Equity Listed (Common & Preferred Stock)	☐ Penny Stock
☐ Banking Products (other than CDs)	☐ Equity-OTC	☐ Prime Bank Instrument
☐ CD	☐ Futures Commodity	☐ Promissory Note
☐ Commodity Option	☐ Futures-Financial	☐ Real Estate Security
☐ Debt-Asset Backed	☐ Index Option	☐ Security Futures
☐ Debt-Corporate	☐ Insurance	☐ Unit Investment Trust
☐ Debt-Government	☐ Investment Contract	☐ Viatical Settlement
☐ Debt-Municipal	☐ Money Market Fund	☐ Other:

6. Alleged Compensatory Damage Amount:
$ 12,500.00

◉ Exact ○ Explanation (If no damage amount is alleged, the complaint must be reported unless the *firm* has made a good faith determination that the damages from the alleged conduct would be less than $5,000):

If the matter involves a customer complaint, arbitration/CFTC reparation or civil litigation in which a customer alleges that you were *involved* in *sales practice violations* and you are not named as a party, complete items 7-11 as appropriate.

Note: Report in Items 12-16, or 17-23, as appropriate, only arbitrations/CFTC reparations or civil litigation in which you are named as a party.

7. A. Is this an oral complaint?

○ Yes ◉ No

B. Is this a written complaint?

◉ Yes ○ No

C. Is this an arbitration/CFTC reparation or civil litigation?

○ Yes ◉ No

If yes, provide:
i. Arbitration/reparation forum or court name and location:

ii. Docket/Case#:

iii. Filing date of arbitration/CFTC reparation or civil litigation (MM/DD/YYYY):

D. Date received by/served on *firm* (MM/DD/YYYY):

02/26/2010 ◉ Exact ○ Explanation
If not exact, provide explanation:

8. Is the complaint, arbitration/CFTC reparation or civil litigation pending?

○ Yes ◉ No
If "No", complete item 9.

9. If the complaint, arbitration/CFTC reparation or civil litigation is not pending, provide status:

☐ Closed/No Action ☐ Withdrawn ☐ Denied ☑ Settled

☐ Arbitration Award/Monetary Judgment (for claimants/plaintiffs)
☐ Arbitration Award/Monetary Judgment (for respondents/defendants)
☐ Evolved into Arbitration/CFTC reparation (you are a named party)
☐ Evolved into Civil litigation (you are a named party)

If status is arbitration/CFTC reparation in which you are not a named party, provide details in item 7C.
If status is arbitration/CFTC reparation in which you are a named party, complete items 12-16.
If status is civil litigation in which you are a named party, complete items 17-23.

10. Status Date (MM/DD/YYYY):

03/05/2010 ◉ Exact ○ Explanation
If not exact, provide explanation:

11. Settlement/Award/Monetary Judgment:
A. Settlement/Award/Monetary Judgment amount:
$ 12,784.15
B. Your Contribution Amount:
$ 12,784.15

If the matter involves arbitration or CFTC reparation in which you are a named respondent, complete items 12-16, as appropriate.

12. A. Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):

B. Docket/Case#:

C. Date notice/process was served (MM/DD/YYYY):

○ Exact ○ Explanation
If not exact, provide explanation:

13. Is arbitration/ CFTC reparation pending?

○ Yes ○ No

If "No", complete item 14.

14. If the arbitration/CFTC reparation is not pending, what was the disposition?

☐ Award to Applicant (Agent/Representative) ☐ Award to Customer ☐ Denied ☐ Dismissed
☐ Judgment (other than monetary) ☐ No Action ☐ Settled ☐ Withdrawn

☐ Other :

15. Disposition Date (MM/DD/YYYY):

○ Exact ○ Explanation
If not exact, provide explanation:

16. Monetary Compensation Details (award, settlement, reparation amount):
A. Total Amount:

B. Your Contribution Amount:

If the matter involves a civil litigation in which you are a defendant, complete items 17-23.

17. Court in which case was filed:

○ Federal Court ○ State Court ○ Foreign Court ○ Military Court ○ Other :

A. Name of Court:

B. Location of Court (City or County and State or Country):

C. Docket/Case#:

18. Date notice/process was served (MM/DD/YYYY):

○ Exact ○ Explanation

If not exact, provide explanation:

19. Is the civil litigation pending?

○ Yes ○ No

If "No", complete item 20.

20. If the civil litigation is not pending, what was the disposition?

☐ Denied ☐ Dismissed ☐ Judgment (other than monetary)

☐ Monetary Judgment to Applicant (Agent/Representative) ☐ Monetary Judgment to Customer

☐ No Action ☐ Settled ☐ Withdrawn

☐ Other :

21. Disposition Date (MM/DD/YYYY):

○ Exact ○ Explanation

If not exact, provide explanation:

22. Monetary Compensation Details (judgment, restitution, settlement amount):

A. Total Amount:

B. Your Contribution Amount:

23. If action is currently on appeal:

A. Enter date appeal filed (MM/DD/YYYY):

○ Exact ○ Explanation

If not exact, provide explanation:

B. Court appeal filed in:

○ Federal Court ○ State Court ○ Foreign Court ○ Military Court ○ Other :

i. Name of Court:

ii. Location of Court (City or County and State or Country):

iii. Docket/Case#:

24. Comment (Optional). You may use this field to provide a brief summary of the circumstances leading to the customer complaint, arbitration/CFTC reparation and/or civil litigation as well as the current status or final disposition(s). Your information must fit within the space provided.
IN EARLY 2005, MR. SCHMERMAN WAS INTRODUCED TO GLORIA AIKEN ("GLORIA"). GLORIA GAVE MR. SCHMERMAN A CHECK IN THE AMOUNT OF $175,000 (THE "AIKEN FUNDS"), MADE PAYABLE TO DIVERSIFIED FINANCIAL, WITH A REQUEST THAT HE SEND THE AIKEN FUNDS TO A THIRD PARTY FOR SAFE-KEEPING. DIVERSIFIED FINANCIAL IS A DBA OF MR. SCHMERMAN, THAT HE USES FOR NON-PERSONAL ACTIVITY, WHICH INCLUDES BROKERAGE AND INVESTMENT ADVISORY SERVICES AS WELL AS HIS TAX CONSULTING AND PREPARATION SERVICES. NEITHER GLORIA NOR HER DAUGHTER, ELIZABETH AIKEN ("ELIZABETH"), WERE BROKERAGE OR INVESTMENT ADVISORY CLIENTS OF MR. SCHMERMAN, NOR DID THEY INTEND TO FORM SUCH A RELATIONSHIP. WITH THE KNOWLEDGE AND CONSENT OF GLORIA AND ELIZABETH, MR. SCHMERMAN DEPOSITED THE AIKEN FUNDS INTO DIVERSIFIED FINANCIAL'S ACCOUNT AND TRANSFERRED THE AIKEN FUNDS TO A THIRD PARTY IN FLORIDA WHERE THE AIKEN FUNDS ACCRUED INTEREST FOR THE BENEFIT OF GLORIA AND LATER ELIZABETH. THE AIKEN FUNDS WERE NEVER INTENDED TO BE BROKERAGE ASSETS OR ASSETS UNDER MR. SCHMERMAN'S MANAGEMENT. NONE OF MR. SCHMERMAN, DIVERSIFIED FINANCIAL, HIS BROKER-DEALER, HIS INVESTMENT ADVISER OR THE HOLDER OF THE AIKEN FUNDS, EVER COLLECTED COMMISSIONS OR FEES FOR ANY TRANSACTIONS OR FOR THE MANAGEMENT OF THESE FUNDS. SINCE 2005, MR. SCHMERMAN HAS MADE DISTRIBUTIONS OF THE AIKEN FUNDS TO GLORIA AND/OR ELIZABETH AT THEIR REQUEST. IN MARCH 2010, ELIZABETH TRIED TO CONTACT MR. SCHMERMAN REGARDING THE REMAINING BALANCE OF THE AIKEN FUNDS. WHEN MR. SCHMERMAN WAS NOT IMMEDIATELY AVAILABLE, ELIZABETH CONTACTED UNITED PLANNERS. UNITED PLANNERS RETURNED THE REMAINING BALANCE OF $12,784.15 TO ELIZABETH. THE CALL ALSO PROMPTED AN UNANNOUNCED AUDIT BY UNITED PLANNERS. AFTER UNITED PLANNERS COMPLETED ITS UNANNOUNCED AUDIT AND INTERVIEW OF ELIZABETH, UNITED PLANNERS NOTED THAT ELIZABETH'S ACCOUNT OF THE FACTS IN THIS MATTER WAS CONSISTENT WITH MR. SCHMERMAN'S ACCOUNT OF THE FACTS IN THIS MATTER. MR. SCHMERMAN WAS NOTIFIED BY UNITED PLANNERS THAT NO OTHER COMPLIANCE ISSUES AROSE DURING ITS INQUIRY.

INVESTIGATION DRP

No Information Filed

JUDGMENT LIEN DRP

No Information Filed

REGULATORY ACTION DRP

No Information Filed

TERMINATION DRP

Check the question(s) you are responding to, regardless of whether you are answering the question(s) "yes" or amending the answer(s) to "no":

TERMINATION Rev. DRP (05/2009)

☑ **14J(1)** ☑ **14J(2)** ☐ **14J(3)**

One event may result in more than one affirmative answer to the above items. Use only one DRP to report details related to the same termination. Use a separate DRP for each termination reported.

1. Firm Name:
UNITED PLANNERS FINANCIAL SERVICES OF AMERICA

2. Termination Type:
Discharged

3. Termination Date:

   03/10/2010 ◉ Exact ○ Explanation
   If not exact, provide explanation:

4. Allegation(s):
   THE FIRM ALLEGED THAT AFTER INVESTIGATION MR. SCHMERMAN COMMINGLED CLIENT ASSETS WITH HIS CHECKING ACCOUNT.

5. Product Type(s): (select all that apply)

☑ No Product	☐ Derivative	☐ Mutual Fund
☐ Annuity-Charitable	☐ Direct Investment-DPP & LP Interests	☐ Oil & Gas
☐ Annuity-Fixed	☐ Equipment Leasing	☐ Options
☐ Annuity-Variable	☐ Equity Listed (Common & Preferred Stock)	☐ Penny Stock
☐ Banking Products (other than CDs)	☐ Equity-OTC	☐ Prime Bank Instrument
☐ CD	☐ Futures Commodity	☐ Promissory Note
☐ Commodity Option	☐ Futures-Financial	☐ Real Estate Security
☐ Debt-Asset Backed	☐ Index Option	☐ Security Futures
☐ Debt-Corporate	☐ Insurance	☐ Unit Investment Trust
☐ Debt-Government	☐ Investment Contract	☐ Viatical Settlement
☐ Debt-Municipal	☐ Money Market Fund	☐ Other:

6. Comment (Optional). You may use this field to provide a brief summary of the circumstances leading to the termination. Your information must fit within the space provided.
   NEITHER MR. SCHMERMAN NOR THE AIKENS INTENDED TO FORM A BROKER/CUSTOMER OR INVESTMENT ADVISER/CLIENT RELATIONSHIP WITH REGARD TO THE AIKEN FUNDS. THERE WAS NO EXPECTATION ON THE PART OF THE AIKENS THAT THEY WOULD RECEIVE BROKERAGE OR INVESTMENT ADVISORY SERVICES AND NO BROKERAGE OR INVESTMENT ADVISORY SERVICES OF ANY KIND WERE PERFORMED BY MR. SCHMERMAN OR DIVERSIFIED FINANCIAL ON BEHALF OF THE AIKENS. NEITHER MR. SCHMERMAN NOR DIVERSIFIED FINANCIAL, EVER COLLECTED COMMISSIONS OR FEES IN CONNECTIONS WITH OF THE AIKEN FUNDS. AFTER COMPLETING ITS INQUIRY, UNITED PLANNERS NOTED, IN MR. SCHMERMAN'S FORM U-5, THAT ELIZABETH'S ACCOUNT OF THE FACTS IN THIS MATTER WAS CONSISTENT WITH MR. SCHMERMAN'S ACCOUNT. ALL OF THE AIKEN FUNDS, TOGETHER WITH INTEREST, WERE RETURNED TO GLORIA AND/OR ELIZABETH UPON THEIR REQUEST. FINALLY, NO OTHER COMPLIANCE ISSUES WERE IDENTIFIED BY UNITED PLANNERS DURING THEIR INQUIRY.

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COMMISSIONERS
KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

ARIZONA CORPORATION COMMISSION

MATTHEW J. NEUBERT
DIRECTOR

SECURITIES DIVISION
1300 West Washington, Third Floor
Phoenix, AZ 85007
TELEPHONE: (602) 542-4242
FAX: (602) 594-7470
E-MAIL: securitiesdiv@azcc.gov

March 29, 2010

Douglas C Hall, Vice President Compliance
United Planners' Financial Services of America
P.O. Box 5750
Scottsdale, AZ 85261-5750

Re: Termination of salesman Richard Schmerman, CRD # 1302988

Dear Mr. Hall,

The Securities Division notes the above-captioned salesman was discharged from your firm on March 10, 2010 with the termination comment: "[t]he Firm determined after an investigation, that Mr. Schmerman comingled client assets with his checking account."

Please provide additional detail concerning this conduct, including any documents collected or report created during your investigation, any statement made by the salesman concerning this conduct, and the name(s) and account number(s) of Arizona clients involved.

Thank you in advance for your cooperation. If you have any questions, please contact me at (602) 542-0679.

Sincerely,

Sharleen A. Day
Chief Counsel of Registration and Compliance

EXHIBIT
S-7
ADMITTED

ACC000001
SCHMERMAN
FILE#8145

UNITED PLANNERS'
FINANCIAL SERVICES
OF AMERICA
A LIMITED PARTNERSHIP
7333 EAST DOUBLETREE RANCH ROAD, SUITE 120, SCOTTSDALE, ARIZONA 85258
TEL (480) 991-0225 FAX (480) 991-2714

April 14th, 2010

RECEIVED
APR 16 2010
ARIZONA CORP. COMMISSION
SECURITIES DIVISION

Arizona Corporation Commission
Attn: Shirley Day
1200 W. Washington
Phoenix, AZ 85007

Re: Richard Schmerman CRD#1302988

Dear Ms. Day,

On Friday February 26th, I was contacted by Michelle Thetford of Schwab Institutional (SI) Compliance. Michelle indicated that SI received correspondence on February 25th from Liz Aiken. Ms. Aiken indicated that Mr. Schmerman ("Schmerman") was slow to provide her access to her account and was hoping to go directly to SI to access her funds. SI informed Ms. Aiken that she opened an account with them; however the account was never funded. Ms. Aiken provided SI information that she had regarding her account.

On Monday March 1st, an unannounced audit of Mr. Schmerman's office location was conducted by Aaron Somers and me. Schmerman was not immediately at the office when we arrived. We interviewed his office staff (Amy Montaldo and Megan Smallwood). Both Aaron and I concluded that it appeared that they were not aware of or had access to information relating to this matter. It also appears that they have limited industry knowledge and did administrative tasks as they were told. We requested Elizabeth Aiken's (the daughter) client file, Gloria Aiken's (the deceased mother) client file, all incoming and outgoing correspondence, and Schmerman's general ledger since joining United Planners. Mr. Schmerman maintained the enclosed documents for Elizabeth Aiken; however no document was located for Gloria. Please note that all Aiken documents were located during the March 1st audit and United Planners was not aware of Elizabeth or Gloria Aiken prior to the February 26th phone call. Shortly after we began, Schmerman returned to the office. He provided hard copies of bank statements. Schmerman indicated that he did not maintain a general ledger nor did he utilize a computer regarding his financial records. I perform a review of the bank statements. It was difficult to determine the nature of some of the transactions without a general ledger description (example "withdrawal made in a branch/store" or "deposit").

I then addressed Ms. Aiken concern directly with Schmerman. He indicated the following:
Ms. Aiken and her mother were friends of one of his larger clients (Joan and Walt Magen). According to Schmerman, the Magen's asked him to assist Gloria Aiken. Schmerman indicate that Gloria Aiken was concerned that she would "lose access" (AHCCCS Benefit from the State of AZ?) if the assets were in her name. Schmerman

MEMBER: FINRA, SIPC

could not provide a clear explanation on the details of the arrangement and indicated that the arrangement occurred a while ago (5 to 6 years ago). He said that the original amount on the Aiken investment was $175,000 (which Liz Aiken confirmed). He also indicated that he forwarded the Aiken funds to a Michael Weinstein in Hallandale, FL. Schmerman said that Weinstein was a friend of his father and that he invested the $175,000 in a money market fund/interest bearing account (he was very vague and indicated that he didn't know the registration of the account). Schmerman provided a phone number for Weinstein on Thursday ([redacted]). This number rang and there were no answer and no answering machine. Schmerman went on to say that whenever Gloria or Liz Aiken needed funds, he would receive a request and would contact Weinstein. Weinstein would forward a check made out to Diversified Financial (Schmerman's DBA) and he would deposit the check into his Wells Fargo checking account and then withdrawal the funds via a cashier's check and redeposit the funds into Ms. Aiken's Chase account.

I received "account statements" created by Schmerman (from both Schmerman and Aiken). The statements were addressed to a Stephanie Bivens. *Note: According to Liz Aiken, Ms. Bivens is an elder law attorney that assists Liz Aiken with issues relating to her mother Gloria in 2008. In the documents provided by Liz Aiken via SI, a letter dated August 14th, 2008 from Schmerman to Bivens noted a gift of $117,204 from Gloria to Elizabeth. The letter indicates that the transfer was from Gloria's SI account (no account # given) to Elizabeth's SI account (#[redacted]-6196).* Schmerman admitted that Gloria did not have a SI account and Liz Aiken's SI account was not funded. Our understanding is that the August 2008 letter was done because Ms. Biven's needed something to reflect the change of account registration.

On March 2nd I received a follow up call from Kip at SI. We were able to determine consistency in certain items relating to this matter during the conversation. Kip indicated that Liz Aiken said that she did receive her money back from Schmerman, but recently there was a delay in service which is why she contacted SI. Kip confirmed that Liz Aiken indicated the amount outstanding is $12,500, that the loan was originally $175,000 and the SI account was never funded. I told Kip that we conducted a surprise audit and we would continue to communicate with SI. That day I contacted Ms. Aiken by phone. She confirmed again that she was paid everything back except $12,500 and that Schmerman was to provide the remaining funds to her this Friday. She indicated that she had multiple emails from Schmerman requesting payment and she forwarded ten emails. She also indicated that there were "statements" that Schmerman provided and she would fax them to me. Ms. Aiken clarified that the original deposit of $175,000 in May of 2005 was in her mother's name and that the gifting issue was not addressed until August 2008.

On March 3rd, Kate Hapeman completed the audit started on Monday. I also contacted Ms. Aiken on March 3rd to request additional documentation. She confirmed again that the pending amount was $12,500. She noted that she would fax the remaining documents to me this afternoon. I verified that her mother account was opened in May 2005 and that there was no gifting /Sr. Assistance issue until August of 2008. She noted that there were

no documents signed by her or Gloria regarding the gifting. The only document is the one provided by Schmerman.

On Thursday March 4th, Schmerman came to the home office and met with Sr. Management at 9:30 AM. Numerous questions were asked. Schmerman indicated that there were no other active clients. Mr. Schmerman provided Weinstein's number and the total payoff figure for Aiken with interest was $12,784.15. I provided Ms. Aiken a release via email and she indicated that she would be in the area on Friday to receive her settlement check.

On Friday March 5th, United Planners issued a check to make Ms. Aiken whole. When she arrived she indicated that she had not signed the release. After a discussion, United Planners provided her the settlement check.

As noted previously, United Planners became aware of this matter on Friday February 26th. An unannounced audit was conducted on Monday, March 1st. Mr. Schmerman was questioned further on March 4th. United Planners made Ms. Aiken whole on Friday, March 5th. At the conclusion of our investigation, United Planners terminated Mr. Schmerman for cause and file a disclosure filing, complaint filing, and noted Mr. Schmerman's Form U-5 on Wednesday, March 10th. Please note that this activity started prior to Mr. Schmerman's affiliation with United Planners. I have enclosed supporting documents for your review.

Sincerely,

Doug Hall
Vice President, Chief Compliance Officer

Encl.
Cc: File

UNITED PLANNERS'
FINANCIAL SERVICES
OF AMERICA
A LIMITED PARTNERSHIP

7333 EAST DOUBLETREE RANCH ROAD, SUITE 120, SCOTTSDALE, ARIZONA 85258
TEL (480) 991-0225 FAX (480) 991-2714

March 10, 2010

Richard M. Schmerman
[redacted]AZ[redacted]

RECEIVED
APR 16 2010
ARIZONA CORP. COMMISSION
SECURITIES DIVISION

Re: Affiliation with United Planners

Mr. Schmerman,

After conducting an internal review, United Planners has determined to termination your affiliation. Our findings note that you have commingled client funds with an account that you control. This is a violation of firm policy and NASD Conduct Rules. The termination is effective as of the date of this letter. United Planners has turned off access to all systems that you have to access United Planners information. Additionally, United Planners has notified Schwab Institutional that you are no longer associated with our advisory program.

Please note that you can no longer hold yourself out as affiliated with United Planners. This means that you must immediately remove United Planners from your voicemail and phone greeting. All business cards and letterhead that references United Planners must be forwarded to United Planners or destroyed. You are also required to return the United Planners plague to my attention.

If you have any questions, I will be available on Friday March 12th. Please contact me at (480) 991-0225.

Sincerely,

Doug Hall
Vice President, CCO

Cc: File

ACC000005
SCHMERMAN
FILE#8145

Dawn S. Easlon

From: TrackingUpdates@fedex.com
Sent: Friday, March 12, 2010 9:54 AM
To: dsmcmahon@unitedplanners.com
Subject: FedEx Shipment 793344676781 Delivered

Follow Up Flag: Follow up
Flag Status: Completed

RECEIVED
APR 16 2010
ARIZONA CORP COMMISSION
SECURITIES DIVISION

This tracking update has been requested by:

Company Name: United Planners
Name: Dawn Easlon
E-mail: dsmcmahon@unitedplanners.com

Our records indicate that the following shipment has been delivered:

Ship (P/U) date:	Mar 11, 2010
Delivery date:	Mar 12, 2010 9:48 AM
Sign for by:	Signature not required
Delivered to:	Residence
Service type:	FedEx First Overnight
Packaging type:	FedEx Envelope
Number of pieces:	1
Weight:	0.50 lb.
Special handling/Services:	Residential Delivery Deliver Weekday

Tracking number: 793344676781

Shipper Information	Recipient Information
Dawn Easlon	Richard M. Schmerman
United Planners	[redacted]
7333 E. Doubletree Ranch Road	[redacted]
Suite 120	AZ
Scottsdale	US
AZ	[redacted]
US	
[redacted]	

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All weights are estimated.

To track the latest status of your shipment, click on the tracking number above, or visit us at fedex.com.
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ACC000006
SCHMERMAN
FILE#8145

request, the requestor's message, the accuracy of this tracking upda For tracking results and fedex.com's terms of use, go to fedex.com.

Thank you for your business.

ACC000007
SCHMERMAN
FILE#8145

26963

UNITED PLANNER'S FINANCIAL SERVICES OF AMERICA
A LIMITED PARTNERSHIP
PH. 480-991-0225
7333 EAST DOUBLETREE RANCH ROAD, SUITE 120
SCOTTSDALE, AZ 85258

Wells Fargo Bank, N.A.
Scottsdale, AZ 85253

[redacted]1221

CHECK NUMBER 26963

DATE 03/05/2010

PAY $ 12,784.15

* TWELVE THOUSAND SEVEN HUNDRED EIGHTY-FOUR AND 15 / 100 *

Security features. Details on back.

TO THE ORDER OF
Elizabeth I. Aiken
[redacted]
[redacted]AZ [redacted]

AUTHORIZED SIGNATURE

⑈026963⑈ ⑆122105278⑆ [redacted]1003⑈

Date	Invoice Number	Invoice Description	Account	Invoice Amount	Amount Paid
03/05/10	AIKEN100305	Settlement	[redacted]AAAA	$12,784.15	$12,784.15

ACC000008
SCHMERMAN
FILE#6145

RELEASE AND SETTLEMENT AGREEMENT ("SETTLEMENT")

FOR AND IN CONSIDERATION of $12,784.15, payable by United Planners Financial Services of America ("United Planners") to Elizabeth Aiken to compensate for the remainder of funds handled by Richard Schmerman.

Elizabeth Aiken, individually and on behalf of her children, heirs, executors, beneficiaries, agents, employees, trust and assigns (hereinafter collectively referred to as "Releasor") does hereby fully release, acquit and forever discharge United Planners and Richard Schmerman, a Registered Representative of United Planners, and their respective predecessors, successors, officers, directors, attorneys, employees, agents, and representatives past, present, and future (hereinafter collectively referred to as "Releasee") (Releasor and Releasee hereinafter referred to as "the Parties"), from any and all suits, claims, causes of action, demands and liabilities which arise from or in any way relate to the funds handled by Mr. Schmerman.

Releasor covenants and agrees that she will not hereafter directly or indirectly commence or act to cause or encourage the commencement of any suit, at law or equity, or any arbitration, or any administrative, regulatory or self-regulatory investigation, complaint or proceeding relating to or based on any claim hereby released. Releasor agrees to maintain the confidentiality of this Agreement and prevent disclosure to anyone of the terms of this Agreement, unless required to make disclosure by lawful court process or regulatory agency.

Releasor has had an opportunity to read this Agreement and discuss it with an attorney or representative, if desired, and fully agrees to the terms hereof.

_____ _____

Elizabeth I. Aiken Dated

Doug Hall

From: Doug Hall [dhall@unitedplanners.com]
Sent: Sunday, March 07, 2010 11:27 AM
To: 'rmschmerman@unitedplanners.com'
Subject: Additional Information re: Aiken

Inquiry

Importance: High

Rick ,

I need the following items from you no later than Wednesday close of business. Please note that Ms. Aiken can refer to Gloria Aiken, Elizabeth Aiken or both).

1. any and all documents reflecting receipt of any and all funds from Ms. Aiken, which should total the $175k amount you referenced in our call;
2. any and all documents reflecting the transfer or payment by you to Mike Weinstein;
3. any and all requests for distributions by Ms. Aiken to you post receipt of the $175k by you;
4. any and all correspondence or requests for disbursements by you from Mike Weinstein;
5. any and all check, wire or other disbursements from Mike Weinstein back to you and/or Ms. Aiken;
6. all personal bank statements, wire docs and the like from you.
7. Any other items that are relative to Ms. Aiken or any transactions that are conducted outside of an approved custodian or relating to commingling assets (payments to or from) with clients.

We appreciate your cooperation into United Planners review of this matter.

Doug Hall, AIF®

Vice President - Chief Compliance Officer
United Planners' Financial Services of America
Phone (480) 991-0225
Fax (480) 503-8180
Email dhall@unitedplanners.com

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Richard M. Schmerman*, CFP®, ChFC
Tax Planning and Portfolio Management

Diversified Financial
5312 North 12th Street Suite 301
Phoenix, Arizona 85014

Phone (602) 224-6040
Fax (602) 266-5307

FAX

DATE March 10, 2010 NO. OF PAGES INCLUDING THIS ONE 3

TO: Doug Hall FROM: Rick Schmerman

FAX: 480-503-8180 PHONE: 602-224-6040

MESSAGE:

Confidential Information: This message and any attachments contain information from United Planners' Financial Services of America, which may be confidential and/or privileged and is intended for use only by the addressee(s) named on this transmission. If you are not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are notified that any review, copying, distribution or use of this transmission is strictly prohibited. If you have received this transmission in error, please (i) notify the sender immediately by e-mail or by telephone and (ii) destroy all copies of this message.

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DIVERSIFIED FINANCIAL

5312 North 12th Street Suite 301 Phoenix, Arizona 85014
(602) 224-6040 (602) 234-2495 Fax (602) 266-5307

Richard M. Schmerman*, CFP®, ChFC
Tax Planning and Portfolio Management*

March 10, 2010

United Planners Financial Services
Attn: Doug Hall
7333 East Doubletree Ranch Road
Suite 120
Scottsdale, Arizona 85258

Dear Doug,

These are our responses to your concerns.

1. Any or all documents reflecting receipt of any and all funds from Ms. Aiken, which should total the $175k amount you referenced in our call

   My Wells Fargo bank statement lists the $175,000.00 deposit which will be presented to you when available.

2. Any and all documents reflecting the transfer or payment by you to Mike Weinstein

   After going through the storage unit, I do not have any available documents reflecting the transfer or payments to Mike Weinstein.

3. Any and all requests for distributions by Ms. Aiken to you post receipt of the $175k by you

   I have contacted Wells Fargo to provide all checks paid to either Gloria Aiken - Bank One (Chase Bank) or Liz Aiken - Bank One (Chase Bank).

4. Any and all correspondence or requests for disbursements by you from Mike Weinstein

   All correspondence or requests for disbursements were done by telephone.

5. Any and all check, wire or other disbursements from Mike Weinstein back to you and/or Ms. Aiken

   I have contacted Wells Fargo to provide all checks paid to either Gloria Aiken - Bank One (Chase Bank) or Liz Aiken - Bank One (Chase Bank).

*Registered Principal Offering Securities and Advisory Services Through United Planners Financial Services of America, A Limited Partnership Member FINRA, SIPC
Diversified Financial and United Planners are not affiliated.

6. All personal bank statements, wire documents and the like from you

   I will provide the personal bank statements concerning this matter (when it becomes available) and the corresponding checks concerning this matter (when it becomes available).

7. Any other items that are relative to Ms. Aiken or any transactions that are conducted outside of an approved custodian or relating to commingling assets (payments to or from) with clients

   The other items that are relative to this matter are the account applications and correspondence already in the possession of United Planners.

Many of the checks that will be presented are in archives of Wells Fargo and this may take two – three weeks to receive the materials and then they will be provided to United Planners.

Sincerely,

Richard M. Schmerman

charles SCHWAB

Aiken Documents

AS Compliance
4750 E. Francisco
Phoenix, AZ 85044

Facsimile Cover Sheet

To:	Doug Hall	**From:**	Michelle Thetford
Company/Dept:	United Planners	**Company/Dept:**	AS Compliance
Phone:		**Phone:**	
Fax:	480-503-8180	**Fax:**	602-977-5220
Date:	2/26/10		
# of Pages:	5		

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Charles Schwab & Co., Inc., Member: SIPC, and Other Principal Stock and Option Exchanges

FAX

Date: ~~January~~ Feb. 25, 2010
From: Elizabeth Aiken
[redacted]

To: Desha Grosphitoh

Re: Diversified Financial/Richard Schmerman
Charles Schwab Institutional Brokerage Account #[redacted]6196

Included here are letters sent to my mother's Elder Law attorney, Biven's & Associates, confirming the establishment of the above referenced account and its balances and transfers over the past two years.

After 3 months of repeated requests (Dec. '09 ~ Feb. '10) to Mr. Schmerman to transfer my balance and close my account with him I called Schwab to see if there was anything I could do to expidite my request. I spoke to David Emanuel and he notified me that there was no balance and the account had never been funded. I then called Mr. Schmerman and he said that that was true and that this Schwab account was set up as an investment vehicle to purchase stocks but was never used. My confusion came from the fact that I never received documentation from Mr. Schmerman on the actual location or account number where my funds were held. Mr. Schmerman said the monies were held in a corporate account and that I should receive the final transfer by the end of next week.

I hope this information is helpful.

Thank you for your assistance.

Sincerely,

Elizabeth Aiken

Elizabeth Aiken
[redacted]AZ[redacted]

DIVERSIFIED FINANCIAL

DF
5312 North 12th Street Suite 301 Phoenix, Arizona 85014
(602) 224-6040 (602) 957-4845 Fax (602) 266-5307

Richard M. Schmerman*, CFP®, ChFC
Tax Planning and Portfolio Management*

August 14, 2008

Ms. Stephanie Bivens
Bivens & Associates P.L.L.C.
5020 East Shea Boulevard
Suite #210
Scottsdale, AZ 85254

Dear Ms. Bivens,

This is to acknowledge that as of August 14, 2008, Gloria I. Aiken has gifted $117,204 (corresponding value) from her Charles Schwab Institutional Brokerage Account to Elizabeth I. Aiken.

As of August 14, 2008, Elizabeth I. Aiken has established a Charles Schwab Institutional Brokerage Account in her name (Account Number #[redacted]-6196) for this $117,204 gifted amount.

Sincerely,

Richard M. Schmerman
RMS/dmc

*Registered Principal Offering Securities and Advisory Services Through United Planners Financial Services of America, A Limited Partnership Member FINRA, SIPC
Diversified Financial and United Planners are not affiliated.

DIVERSIFIED FINANCIAL

5312 North 12th Street (602) 224-6040 | Suite 301 (602) 957-4845 | Phoenix, Arizona 85014 Fax (602) 266-5307

Richard M. Schmerman*, CFP®, ChFC
Tax Planning and Portfolio Management*

June 10, 2009

Ms. Stephanie Bivens
Bivens & Associates P.L.L.C.
5020 East Shea Boulevard
Suite #210
Scottsdale, Arizona 85254

Dear Ms. Bivens,

This is to acknowledge that as of May 31, 2009, the value in the account of Elizabeth I. Aiken is $ 85,021.62.

From January 1, 2009 until May 31, 2009 the following transactions have occurred:

Balance	January 1, 2009	$ 104,786.37
Interest Payment	January 15, 2009	$ 154.56
Transfer to Bank One	January 28, 2009	$ (20,000.00)
Interest Payment	April 15, 2009	$ 80.69
Balance	May 31, 2009	$ 85,021.62

Sincerely,

Richard M. Schmerman
RMS/dmc

*Registered Principal Offering Securities and Advisory Services Through United Planners Financial Services of America, A Limited Partnership Member FINRA, SIPC
Diversified Financial and United Planners are not affiliated.

DIVERSIFIED FINANCIAL

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5312 North 12th Street (602) 224-6040 | Suite 301 (602) 957-4845 | Phoenix, Arizona 85014 Fax (602) 266-5307

Richard M. Schmerman*, CFP®, ChFC
Tax Planning and Portfolio Management*

September 23, 2009

Ms. Stephanie Bivens
Bivens & Associates P.L.L.C.
5020 East Shea Boulevard
Suite #210
Scottsdale, Arizona 85254

Dear Ms. Bivens,

This is to acknowledge that as of September 15, 2009 the value in the account of Elizabeth I. Aiken is $ 77,589.64.

From January 1, 2009 until September 15, 2009 the following transactions have occurred:

Balance	January 1, 2009	$ 104,786.37
Interest Payment	January 15, 2009	$ 154.56
Transfer to Bank One	January 28, 2009	$ (20,000.00)
Interest Payment	April 15, 2009	$ 80.69
Interest Payment	July 15, 2009	$ 68.02
Transfer to Bank One	September 3, 2009	$ (7,500.00)
Balance	September 15, 2009	$ 77,589.64

Sincerely,

Richard M. Schmerman
RMS/aly

ACC000018
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FILE#8145

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January 30, 2009

Ms. Stephanie Bivens
Bivens & Associates P.L.L.C.
5020 East Shea Boulevard
Suite #210
Scottsdale, Arizona 85254

Dear Ms. Bivens,

This is to acknowledge that as of December 31, 2008, the value in the account of Elizabeth I. Aiken is $104,786.37.

From August 1, 2008 until December 31, 2008, the following transactions have occurred:

Balance	August 1, 2008	$ 117,204.22
Deposit	August 19, 2008	$ 1,000.00
Transfer to Bank One	August 28, 2008	$ (8,000.00)
Interest Payment	October 15, 2008	$ 582.15
Transfer to Bank One	December 1, 2008	$ (6,000.00)
Balance	December 31, 2008	$ 104,786.37

Sincerely,

Richard M. Schmerman

RMS/alm

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Viewed as of: Feb 26, 2010 02:30PM ET

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Balances | Positions | History | Profiles | Corporate Actions | Forms | Track | Reports | Move Money

Master Account: [redacted]-8161 Go Account Number: or Name: Go Switch to Account # Pulldown

Last/Org Name

Master Account: [redacted]8161 Account Number: [redacted]-6196 ELIZABETH IRENE AIKEN

Registration Type: Indiv [redacted]AZ

[redacted]-4586

Account Authorization and Preferences | eDelivery Enrollment and Status |

Please use Web Forms to update the account information

Account Details

Registration Type: Indiv
Account Established: 08-14-2008

Account Holders and Contacts

Name	Role	Web Site Access	Email Address	
AIKEN, ELIZABETH	Individual	Yes	elizabeth.aiken@[redacted]	Edit
UNITED PLANNERS' FINL SVC OF AMERICA	Withdrawal Power Financial Advisor	N/A		

Account Contact Information

Account Address: [redacted]
City, State, Zip: [redacted] AZ [redacted]
Country: US

Account Preferences

Prime Broker Enabled:	No	**Enrolled In Schwab Bill Pay:**	No
MoneyLink Enabled:	No	**Client Check Writing:**	No
Margins Enabled:	No	**Cash Sweep Feature:**	Charles Schwab Bank Deposit Accounts[1]
Options Enabled:	No		

Electronic Products

Enrollment Instructions: Not Sent Send Enrollment Instructions

Product	Delivery Edit	Delivery Changed on	Send to	
Trade Confirmations	Paper		Account Address	
Shareholder Materials	Paper		Account Address	
Statements	Online	02/15/2010	elizabeth.aiken@[redacted]	Edit

Report Preferences

Statement Format: Compact
Trade Confirms Format: Individual

Account Authorizations and Issuer Communications

Trading Authorization: Yes
Disbursement Authorization: Yes
Fee Payment Authorization: No

Issuer Communications Preferences

Type	Original	Informational Copy	Last Updated
Proxy Voting	Client	Advisor	12-03-2008
Corporate Actions	Client	Advisor	12-03-2008
Interim Mailings	Advisor	Client	12-03-2008

[1] Bank Deposit accounts are held at the above-referenced FDIC-insured bank. Securities products and services (including un-swept or intra-day cash, net

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FILE#8145

credit or debit balances, and money market funds) offered by Charles Schwab & Co., Inc. (member SIPC) are not deposits or obligations of the above-referenced bank, are subject to investment risk, are not FDIC insured, may lose value, and are not bank guaranteed.

(0905-01546)

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Balances | Positions | History | Profiles | Corporate Actions | Forms | Track | Reports | Move Money

Master Account: [redacted]8161 Account Number: or Name: Go

Last/Org Name

Switch to Account # Pulldown

Master Account: [redacted]8161 Account Number: [redacted]-6196

Registration Type: Indiv

ELIZABETH IRENE AIKEN

[redacted]AZ

Schwab Brokerage Account Balances

The market value of your securities, which is used to calculate balances, is based on quotes from the close of the previous business day.*

Total Account Value:	**$0.00**
Cash and Deposit Accounts	
Cash	$0.00
Charles Schwab Bank Deposit Accounts[1]	$0.00
Total:	**$0.00**
Securities	
Market Value Long	$0.00
Total:	**$0.00**
Funds Available	
Cash Available to Withdraw	$0.00

* Please see Schwab Institutional Web Site User Agreement for exceptions.

[1] Bank deposit accounts are held at the above-referenced FDIC-insured bank. Securities products and services (including un-swept or intra-day cash, net credit or debit balances, and money market funds) offered by Charles Schwab & Co., Inc. (member SIPC) are not deposits or obligations of the above-referenced bank, are subject to investment risk, are not FDIC insured, may lose value, and are not bank guaranteed. Bank deposit account balances do not include interest that has been accrued since the last interest payment was made to your account.

Brokerage Products: Not FDIC Insured • No Bank Guarantee • May Lose Value

(0700-00625)

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FILE#8145

UNITED PLANNERS
FINANCIAL SERVICES OF AMERICA
7333 E. Doubletree Ranch Rd
Suite 120
Scottsdale, AZ 85258
(480) 991-0225

New Account Form

DATE:

UNITED PLANNERS ACCOUNT NUMBER _____ IS THIS A PERSHING ACCOUNT? ☐ Y ☐ N PERSHING ACCOUNT NUMBER _____

IS THIS AN INVESTMENT ADVISORY ACCOUNT? ☒ FIRM ☐ INDEPENDENT ☐ NO

TYPE OF REGISTRATION– **Please check only one and circle registration type**

☐ INDIVIDUAL ACCOUNT	☐ INVESTMENT CLUB* (Supply Investment Club Agreement)	☐ CHARITABLE ORGANIZATION * (Resolution)	☐ 403B/401K/TSA/SIMPLE*	☐ GUARDIANSHIP & CONSERVATOR*
☐ JOINT TENANTS WITH RIGHT OF SURVIVORSHIP	☐ IRA/SARSEP ACCT/SEP*	☐ ESTATE* (Supply Papers)	☐ PENSION/PROFIT SHARING*	☐ COLLEGE SAVINGS PLAN - 529*
☐ TENANTS IN COMMON/ ENTIRETY/ COMMUNITY PROPERTY	☐ PARTNERSHIP* (Supply Agreement)	☐ CORPORATION* (Supply Resolution)	☐ ROTH IRA*	☐ NON-PROFIT ORGANIZATION*
☐ CUSTODIAN* (UGMA/UTMA)	☐ TRUST* (Supply Agreement)	☐ SOLE PROPRETOR*	☐ CUSTODIAN*	☐ EDUCATION/ COVERDELL IRA*
☐ QUALIFIED PLAN LEVEL* (Organization)	☐ QUALIFIED PLAN LEVEL* (Participant)	☐ SOLE & SEPARATE	☐ NON-PROFIT*	

* ADDITIONAL DOCUMENTS MAY BE REQUIRED

ACCOUNT NAME – ADDRESS

ACCOUNT NAME: Elizabeth Aiken	MARITAL STATUS: ☒ SINGLE ☐ MARRIED	SOC. SEC. OR TAX I.D. NO. [redacted]
JOINT TENANT NAME OR NAME OF MINOR IF CUSTODIAL ACCOUNT (PLEASE INDICATE)	☐ JOINT TENANT ☐ MINOR	MINOR'S/JOINT TENANT SOC. SEC. NO.
INDIVIDUAL(S) AUTHORIZED TO TRANSACT BUSINESS	IF YOU OR ANY ACCOUNT OWNER ARE AFFILIATED WITH OR WORK FOR A MEMBER OF A STOCK EXCHANGE, THE FINANCIAL INDUSTRY REGULATORY AUTHORITY, A BANK, TRUST COMPANY, OR INSURANCE COMPANY COMPANY. NAME OF FIRM	
HOME TELEPHONE NO. [redacted] BUSINESS TELEPHONE NO.	IF YOU ARE A DIRECTOR, A 10% SHAREHOLDER, OR A POLICY-MAKING EXECUTIVE OFFICER OF A PUBLICLY TRADED COMPANY. NAME OF CO. I PROMISE TO NOTIFY YOU OF ANY CHANGE	
MAILING ADDRESS [redacted]	CITY [redacted]	STATE AZ / ZIP CODE [redacted]
LEGAL ADDRESS (IF DIFFERENT)	CITY	STATE / ZIP CODE
RESIDENT STATE ☐ Is account of age in state of residence ☐ Yes ☐ No	Birthdate (minor's if custodial) Joint Tenant Birthdate	☐ U.S. CITIZEN ☐ OTHER (Specify)
EMPLOYER: Planned Parenthood AZ / EMPLOYER ADDRESS: 5651 N. 7th St.	EMPLOYER - JOINT PARTY	EMPLOYER ADDRESS
TYPE OF BUSINESS: Health Care / POSITION: Fundraiser / YEARS EMPLOYED: 2	TYPE OF BUSINESS / POSITION	YEARS EMPLOYED

IDENTIFICATION

PRIMARY ACCOUNT OWNER'S ID INFORMATION	SECONDARY ACCOUNT OWNER'S ID INFORMATION
☒ U.S. DRIVERS LICENSE ☐ PASSPORT ☐ GOVERNMENT ISSUED ID	☐ U.S. DRIVERS LICENSE ☐ PASSPORT ☐ GOVERNMENT ISSUED ID
NUMBER [redacted]	NUMBER
PLACE OF ISSUANCE AZ	PLACE OF ISSUANCE
DATE ISSUED 9/4/03 DATE EXPIRES 9/5/2026	DATE ISSUED / DATE EXPIRES

CLIENT FINANCIAL INFORMATION

NAME OF BANK – TYPE OF ACCOUNT	APPROX. ANNUAL INCOME	NET WORTH	TAX BRACKET	LIQUID ASSETS	POWER OF ATTORNEY (INCLUDE COPY)
Chase - Checking	$70,000	$400,000	25%	$3000	NO ☐ LIMITED ☐ FULL ☐

GENERAL ACCOUNT INFORMATION

INVESTMENT OBJECTIVES	INVESTMENT EXPERIENCE	HOW WAS ACCOUNT ACQUIRED
☒ GROWTH ☐ INCOME	☒ NONE (CDs Savings) ☐ MODERATE (Equities, Bonds)	☒ Known Personally ☐ Referral ☐ Walk-In
☐ GROWTH & INCOME	☐ LIMITED (M.F., Ltd. Equities) ☐ EXPERIENCED (All Products)	☐ Solicited ☐ Other
EMPLOYEE OF THIS B/D: ☐ YES ☒ NO	RELATED TO EMPLOYEE OF THIS B/D: ☐ YES ☒ NO	How Long Have You Known Account? 10 YEARS ☐
EMPLOYEE OF ANOTHER B/D: ☐ YES ☒ NO	RELATED TO EMPLOYEE OF ANOTHER B/D: ☐ YES ☒ NO	

PERSHING ACCOUNT INFORMATION

WHEN SECURITIES ARE SOLD:	WHEN SECURITIES ARE PURCHASED:	WHEN DIVIDENDS ARE RECEIVED:
HOLD FUNDS ☐ ISSUE CHECK ☐	HOLD CERTIFICATES ☐ SEND CERTIFICATES TO ME FEE MAY APPLY ☐	HOLD FUNDS ☐ ISSUE CHECK ☐
SWEEP FREE CREDIT BALANCES TO MONEY FUND Yes ☐ No ☐	MONEY MARKET:	PERSHING LLC Retirement Accounts default to PGA

INCOMPLETE IF PRESENTED WITHOUT ACCOMPANYING ACCOUNT SIGNATURE PAGE

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ACCOUNT AGREEMENT

1. Provisions in the event of Failure to Pay or Deliver
Whenever the undersigned does not, on or before the settlement date, pay in full for any security purchased for the account of the undersigned, or deliver any security sold for such account, you are authorized (subject to the provisions of any applicable statute,rule or regulation).

(a) Until payment or delivery is made in full, to pledge, repledge, hypothecate or rehypothecate, without notice, any or all securities which you may hold for the undersigned (either individually or jointly with others), separately or in common with other securities or commodities or any other property, for the sum then due or for a greater or lesser sum and without retaining in your possession and control for delivery a like amount of similar securities, and/or

(b) To sell any or all securities you may hold for the undersigned (either individually or jointly with others), or to buy in any or all securities required to make delivery for the account of the undersigned, o r to cancel any or all outstanding orders or commitments for the account o f the undersigned.

2. Cancellation Provisions
You are authorized, in your discretion, should the undersigned die, or should you for any reason whatever deem it necessary for yourprotection, without notice, to cancel any outstanding orders in order to close out the accounts of the undersigned, in whole or in part, or to close out any commitment made on behalf of the undersigned.

3. General Provisions
Any sale, purchase or cancellation authorized hereb y may be made according to your judgment and at your discretion on the exchange or other market where such business is then usually transacted, or at public auction, or at private sale without advertising the same and without any notice, prior tender, demand or call, and you may purchase the whole or any part of such securities free from any right of redemption, and the undersigned shall remain liable for any deficiency. It is further understood that any notice, prior tender, demand or call from you shall not be considered a waiver of any provision of this agreement. The undersigned shall include any person executing this agreement on the front thereof. "You" shall include the bank, broker or other financial institution, which opened the account of the undersigned.You are authorized to sell securities to cover any debit balance resulting from ancillary fees charged .

4. Successors
This agreement and its provisions shall be continuo us, and shall insure to the benefit of your present organization, and any successor organization or assigns, and shall be binding upon the undersigned and/or the estate, executors, administrators and assigns of the undersigned.

5. Age
The undersigned, if an individual, represents that he or she is of full age.

6. Interest in Account
No one except the undersigned has an interest in any of its accounts with you unless such interest is revealed in the title of such account and in any case the undersigned has the interest indicated in such title.

7. Orders and Statements
Reports of the execution of orders and statements of the account of the undersigned shall be conclusive if not objected to in writing, the former within two days and the latter within ten days, after forwarding by you to the undersigned by mail or otherwise.

8. Force Majeure
You shall not be liable for loss or delay caused directly or indirectly by war, natural disasters, government restrictions, exchange or market rulings or other conditions beyond your control.

9. Joint Accounts
If this is a joint account, unless we notify you otherwise and provide such documentation as you require, the brokerage account(s) shall be held by us jointly with rights of survivorship (payable to eit her or the survivor of us). Each joint tenant irrevocably appoints the other as attorney-in-fact to take all action on his or her behalf and to represent him or her in all respects in connection with this Agreement. You shall be fully protected in acting, but shall not be required to act upon the instructions of either of us. Each of us shall be liable, jointly and individually, for any amounts due to you pursuant to this Agreement, whether incurred by either or both of us.

10. Address
Communications may be sent to the undersigned at the current address of the undersigned which is on file at your office, or at such other address as the undersigned may hereafter give you. All communications so sent, whether by mail, telegraph, messenger or otherwise, shall be deemed given to the undersigned personally, whether actually received or not.

11. Recording Conversations
The undersigned understands and agrees that for our mutual protection you may electronically record any of our telephone conversa tions.

PATRIOT ACT DISCLOSURE - To help the government fight the funding of terrorism and money laundering activities, federal law re quires financial institutions to obtain, verify and record information that identifi es each person who opens an account. This information will be used to verify your identity prior to opening this account.

ARBITRATION AGREEMENT

This agreement contains a predispute arbitration clause. By signing an arbitration agreement the parti es agree as follows:

A. 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.
B. Arbitration awards are generally final and binding: a party's ability to have a court reverse or modify an arbitration award is very limited.
C. The ability of the parties to obtain documents, wit ness statements and other discovery is generally more limited in arbitration than in court proceedings.
D. The arbitrators do not have to explain the reason(s) for their award.
E. The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.
F. 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.
G. The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.

If a customer files a complaint in court against a member that contains claims that are subject to arbitration pursuant to a predispute arbitration agreement between the member and the customer, the member may seek to compel arbitration of the claims that are subject to arbitration. If the member seeks to compel arbitration of such claims, the member must agree to arbitrate all of the claims contained in the complaint if the customer so requests.

No person shall bring a putative or certified classaction to arbitration, nor seek to enforce any predispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class action 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 extent stated herein.

THIS IS A PRE-DISPUTE ARBITRATION AGREEMENT. READ CAREFULLY AND UNDERSTAND YOUR RIGHTS UNDER THIS AGREEMENT

CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER W9 SSN/TAX ID: [redacted]

Under penalties of perjury, I certify:

1. The number shown on this form is my correct taxpa yer identification number (or I am waiting for a number to be issued to me) and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. Citizen or other U.S. Person

IMPORTANT: You must CROSS OUT paragraph (2) above IF it is not correct.

This is a 2 page document. The undersigned has/have carefully read this page, which includes the predispute arbitration clause, and the reverse and agrees to the information disclosed by the undersigned, and to the terms and conditions contained herein. Further, the undersigned agrees to notify UPFSA or their Representative in writing of any changes to the information reported on this New Account Form. The undersigned acknowledges that they have obtained a copy of the Arbitration Agreement from their Representative at the time of signing

X [signature] SIGNATURE OF PRIMARY INVESTOR — DATE 11/17/08 — X SIGNATURE OF JOINT TENANT — DATE

REP SIGNATURE — DATE — BRANCH OFFICE/OSJ PRINCIPAL — DATE

REP NUMBER

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Updated 4-23-08
UPF-001

Ad 08-0694

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5312 North 12th Street Suite 301 Phoenix, Arizona 85014
(602) 224-6040 (602) 957-4845 Fax (602) 266-5307

Richard M. Schmerman*, CFP®, ChFC
Tax Planning and Portfolio Management*

November 1, 2008

Elizabeth Aiken
[redacted]
[redacted] Arizona [redacted]

Re. Provision of Investment Management Services

Dear Liz,

It is my pleasure to serve as your Investment Advisor. As always, my highest priority is to provide you with the best investment services possible. To meet this goal, I maintain licenses as an Investment Advisor Representative with a Registered Investment Advisor ("RIA") and as a Registered Representative with a licensed Securities Brokerage Firm ("Brokerage Firm"). I have recently determined that I will be better able to serve you by changing my affiliations from Mutual Service Corporation, my prior RIA and Brokerage Firm, to United Planners' Financial Services of America ("UPFSA").

My number one priority is that I am able to offer my clients the best investment services possible. I am always looking for ways to add client value, but realize that my firm is a small (and I want to remain a small) financial advisory office. Therefore, I am moving my securities relationship to UPFSA. **This will not affect your relationship with me, where your funds are maintained, my investment philosophy, or the fees that we have previously agreed upon.**

I am enclosing the following forms for you to review. Together, these forms will allow me to continue providing investment advisory services through UPFSA.

- New Account Form with UPFSA
- Limited Power of Attorney with UPFSA

I realize that the enclosed forms are much more regulatory than you have seen in the past, but increasing compliance issues have led companies to move in this direction.

I need to receive the enclosed forms back as quickly as possible, but in any event no later than November 18, 2008. I am enclosing a self-addressed [stamped] envelope for your convenience.

If you have any questions, please do not hesitate to call me.

Sincerely,

Richard M. Schmerman

Client Acknowledgement:

I have read and understand the foregoing and agree to the financial advisory services as set forth above.

Signature: _____

charlesSCHWAB
INSTITUTIONAL

Limited Power of Attorney (LPOA)

Investment Advisor ("IA") Information (This portion to be completed by IA.)

IA Firm Name (Please print.) UPFSA

IA Master Account Number _____ Service Team National Service

Prior IA Firm Name MSC-Diversified Financial
(Please complete if authorization below replaces authority previously delegated.)

SchwabLink* Investor Checking Master _____

If you do not have a SchwabLink Master for your Schwab Bank High Yield Investor Checking™ ("High Yield Investor Checking") account(s), please contact your sales representative to get one established.

Is your firm (or a principal, employee or related person* of your firm) an owner, trustee, executor, guardian, conservator or custodian of this account? ☐ Yes ☐ No
If "Yes," and this is a Trust, Estate, Guardianship, Conservatorship or Custodial account, please also submit a completed Investment Advisor Account Supplemental Information Form.

Use this form to grant limited authority over your existing brokerage account at Charles Schwab & Co., Inc. ("Schwab") and, if applicable, your linked High Yield Investor Checking account at Charles Schwab Bank ("Schwab Bank") to the IA named above.

1. Account Holder Information

[redacted] 16196
Brokerage Account Number

High Yield Investor Checking Account Number (if applicable)

Elizabeth
Account Holder's First Name

Middle

Aiken
Last

Additional Account Holder's First Name

Middle

Last

2. Authorizations (Please initial all areas that apply to this account.)

Note: Any of these authorizations may be revoked by providing notice to Schwab. If more than one person is listed on the account, each Account Holder must initial the authorizations granted below. (An "X" is not sufficient.)

EA
Acct. Holder/Trustee/Custodian/Executor | Add'l Account Holder/Co-Trustee/Co-Executor | Add'l Account Holder/Co-Trustee/Co-Executor

Trading Authorization. I authorize Schwab to execute trades in my brokerage account at the direction of IA as provided in the Limited Power of Attorney (LPOA) Agreement.

EA
Acct. Holder/Trustee/Custodian | Add'l Account Holder/Co-Trustee | Add'l Account Holder/Co-Trustee

Trading and Disbursement Authorization.† I authorize Schwab (1) to execute trades in my brokerage account at the direction of IA as provided in the Limited Power of Attorney (LPOA) Agreement; (2) to disburse assets for investment purposes or to me personally as instructed by IA; (3) to remit checks, wire funds and otherwise to make disbursements of funds held in the brokerage account (i) to banks, broker-dealers, investment companies or other financial institutions for credit to an account of identical registration or (ii) to me at my address of record. **(Note: This option is not available for Estate, Guardianship or Conservatorship accounts.)**

EA
Acct. Holder/Trustee/Custodian/Executor | Add'l Account Holder/Co-Trustee/Co-Executor | Add'l Account Holder/Co-Trustee/Co-Executor

Fee Payment Authorization. I authorize Schwab to pay investment advisory and related fees to IA from my brokerage account in the amount of my IA's instructions.

*A "related person" is defined as any advisory affiliate or any person that is under common control with your firm. See Form ADV for additional information.

†High Yield Investor Checking account: If you have granted "Disbursement Authorization" above to your IA on your Schwab One® brokerage account, and you have a linked High Yield Investor Checking account, you will be deemed to have granted Disbursement Authorization to your IA on your High Yield Investor Checking account as well. Under this Disbursement Authorization, your IA will have the ability to transfer or withdraw money from your High Yield Investor Checking account, place stop payments, and generally take such other actions with respect to this account in the same manner and to the same extent as you are permitted to do. However, in general, your IA will not be issued checks for this account, has no authority to sign checks for this account and will not be issued a check card for this account or access to Schwab Bank Bill Pay™ service. Your IA may request copies of specific account statements for this account. Any of these authorizations may be revoked by providing notice to Schwab or Schwab Bank. Schwab or Schwab Bank may require that such notice be provided in writing.

If you have not granted your IA Disbursement Authorization on your Schwab One brokerage account, your IA may only have authority to view account information, balances and transactions, but not to make withdrawals or transfer funds in your linked High Yield Investor Checking account. Your IA may also request copies of specific account statements.

Non-Deposit Investment Products: Not FDIC-Insured • No Bank Guarantee • May Lose Value

For Charles Schwab Use Only

Account Number | Date Approved (mm/dd/yyyy)

Print Name of Approver | Signature

WB

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3. Issuer Communications and Related Actions

If you have granted your IA trading authority over your brokerage account, and your IA exercises investment discretion for you pursuant to an advisory contract, you can appoint your IA to be sent certain issuer and issuer-related communications (proxies, tender offers, proposed mergers, rights offerings, exchange offers and warrants, among other things) that may require a voting decision or other action regarding investments held in your brokerage account.

If you appoint your IA below, your IA will, regarding only those voting decisions or other action communications sent to your IA: (i) be requested to vote proxy ballots; (ii) be requested to provide instructions regarding corporate reorganizations and other corporate actions; and (iii) be sent certain prospectuses and annual reports and other communications. In these cases, you will be authorizing your IA to make all voting decisions and take all actions on your behalf. You will not be sent informational copies of these communications.

Even if you appoint your IA below, you may still be sent certain other issuer and issuer-related communications regarding investments held in your brokerage account. You agree that you will be responsible for providing Schwab any applicable instructions or directions on those items.

Please select only **one**:

( ) Yes. I appoint my IA, and I will fulfill my responsibilities, as described above. I instruct Schwab not to disclose my name, address and securities positions to any issuer of securities held in my brokerage account.

(●) No. I do not appoint my IA as described above. I wish to be sent all issuer and issuer-related communications, make all voting decisions and take all actions described above. I understand that any issuer of securities held in my brokerage account may request that Schwab disclose to it my name, address and securities positions in that issuer.

If you selected "No" above, please select one: My IA (/) should ( ) should not be sent informational copies of any issuer or issuer-related communications.

If you do not select either "Yes" or "No" above, Schwab will deem you to have indicated "No," but informational copies of issuer and issuer-related communications may be sent to your IA.

4. Schwab Bank High Yield Investor Checking™ Investment Advisor Authorizations

(If you do not have a High Yield Investor Checking account, please skip this section.)

If you have listed a High Yield Investor Checking account in Section 1 of this form, please read this section. These Investment Advisor Authorizations are an agreement between Charles Schwab Bank ("Schwab Bank") and each Account Holder. The terms "I," "me" and "my" refer to each Account Holder or trustee. By signing in Section 6, I:

(1) authorize the Investment Advisor (IA) named on this form to exercise the authorities described in Section 2 of this form, and I authorize Schwab Bank to take such actions as Schwab Bank deems necessary to carry out instructions Schwab Bank receives from me and/or my IA; I further authorize Schwab Bank, in its sole discretion and for whatever reason, to request additional documentation from me prior to executing any transaction requested by my IA;

(2) acknowledge and agree that:
- Schwab Bank will merely effect transactions as directed by my IA's Disbursement Authority;
- Schwab Bank will not give legal or tax advice;
- Schwab Bank is not acting as a fiduciary;
- I (and not Schwab Bank) am responsible for investigating and selecting my IA;
- my IA is not affiliated with, or controlled or employed by, Schwab Bank, and Schwab Bank has not approved, recommended or endorsed my IA;
- unless required by applicable law, Schwab Bank has no duty to review, supervise or monitor any transaction by my IA in my High Yield Investor Checking account; and
- Schwab Bank reserves the right, in its sole discretion, to no longer honor instructions from my IA and will notify me if it chooses to do so;

(3) hereby ratify and confirm any and all transactions or dealings effected in and for my High Yield Investor Checking account by my IA, and I agree to indemnify and hold harmless Schwab Bank, its affiliates, and their directors, officers, employees and agents from and against all claims, actions, judgments, settlement amounts, costs and liabilities, including attorneys' fees, arising out of or relating to their reliance on this form and these Account Terms, Schwab Bank's execution of my IA's instructions and Schwab Bank's execution of disbursement instructions received from my IA's Disbursement Authority;

(4) agree to indemnify and hold Schwab Bank harmless from, and to pay Schwab Bank promptly upon demand for, any and all losses or financial obligations which may arise from the acts or omissions of my IA with respect to my High Yield Investor Checking account. I also agree that Schwab Bank will not be liable, and I will not attempt to hold Schwab Bank liable, for any transaction or decision made by my IA, whom I have selected, regardless of whether or not any such transaction or decision was specifically authorized by me;

(5) understand that this authorization and indemnification will remain in effect until Schwab Bank is notified in writing of my death, mental disability, incompetence or incapacity, or until I have revoked it by written notification, and such notification is received by Schwab Bank; such revocation will not affect my obligations resulting from transactions initiated prior to Schwab Bank's receipt of notice of revocation;

(6) understand that this form supplements and in no way limits or restricts rights which Schwab Bank may have under existing law or any other agreement with me. This form will bind my heirs, executors, administrators, successors and assigns, and will benefit Schwab Bank's successors, affiliates and assigns;

(7) certify that I have read carefully the provisions of this form and understand that it authorizes my IA, herein named, to exercise all rights and powers set forth above with respect to my High Yield Investor Checking account, and I understand that anything my IA may do in the exercise of such rights and powers is fully binding upon me; I hereby authorize the IA named in this form and in such capacity to give instructions to Schwab Bank in connection with my High Yield Investor Checking account specified on this form, and to take other actions necessary or incidental to the execution of such instructions; I authorize Schwab Bank, and other persons to whom Schwab Bank has given instructions in order to implement my IA's instructions, to rely on my IA's instructions without obtaining my approval, countersignature or co-signature. **I understand that this is not a Durable Power of Attorney and that all authority granted to my IA shall cease automatically upon Schwab Bank receiving written notification from a licensed physician of my mental disability, incompetence, incapacity or death;**

(8) **give my Investment Advisor of record (if I have granted Disbursement Authority to my IA) or Other Authorized Signer permission and authority to request wire transfers and Automated Clearing House (ACH) transfers, by telephone or online, from my High Yield Investor Checking account. I understand that by making this authorization I may not be contacted as part of the Schwab Bank wire transfer security procedures or other related customer authentication procedures when my IA or Other Authorized Signer requests and signs for a wire transfer or requests an ACH transfer based on this authorization.**

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5. Certification of Trust—Trust Accounts Only

By signing this Limited Power of Attorney form on behalf of a Trust, each Trustee signing below (the "Trustees") certifies that the representations and warranties in the attached Certification of Trust are true and complete.

6. Please Read and Sign

The terms "I," "me" and "my" refer to each Account Holder or Trustee. By signing below, I authorize the Investment Advisor (IA) named on page 1 of this document to be my Agent (attorney-in-fact) to the extent provided in this Limited Power of Attorney (LPOA) document. Further, I certify that I have read carefully the provisions of this LPOA document. By signing this Limited Power of Attorney, each Trustee signing below (the "Trustees") certifies that the representations and warranties in the attached Certification of Trust are true and complete.

Furthermore, by signing this agreement, I acknowledge that these terms relate to my account(s) and are part of (A) the Account Agreement between me and Schwab for my Schwab One® account and, if applicable, (B) the Account Agreement between me and Schwab Bank for my High Yield Investor Checking™ account.

Additionally, by signing this Agreement, each Account Holder consents to Schwab's: (i) sending, by mail, electronic delivery and/or other means, duplicate copies of account trade confirmations, account statements and any other information relating to the Account Holder and the account to the Account Holder's IA, if and in such manner as requested by the Account Holder's IA; (ii) sending such information about the Account Holder and the account to third parties (such as CPAs or performance-reporting companies) as the Account Holder's IA shall direct Schwab; and (iii) disclosure of information about the Account Holder and the account to other third parties as provided in this LPOA and the Account Agreement. Furthermore, I acknowledge that I have received a copy of the Account Terms to retain for my records.

All Account Holders must sign below. If this is a Trust, Estate, Guardianship or Conservatorship account, all current trustees, executors, guardians or conservators must sign, even if not listed on the account registration. If needed, you may attach a separate sheet with additional signatures.

Please Note: By signing below, I authorize Schwab to provide IA any and all requested information of any nature whatsoever regarding my brokerage account, including, but not limited to, copies of my account statements, applications or like documentation, and, if applicable, copies of checks written against my linked Schwab Bank High Yield Investor Checking account.

Signature: Account Holder/Trustee/Custodian/Executor	Print Name	Date (mm/dd/yyyy)
Elizabeth I Aiken	Elizabeth I. Aiken	11/17/08

For Charles Schwab Use Only

Account Number

WB

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FILE#8145

charles SCHWAB
INSTITUTIONAL

Schwab One® Account Application
for Personal Accounts

Investment Advisor ("IA") Information (this portion to be completed by IA)

IA Firm Name (please print)
DIVERSIFIED FINANCIAL

IA Master Account Number
[redacted]1806

Service Team
National Service

Is your firm (or a principal, employee or related person* of your firm) an owner, executor, guardian, conservator or custodian of this account?

◯ Yes ◯ No

If "Yes," and this is an Estate, Guardianship, Conservatorship or Custodial account, please also submit a completed Investment Advisor Account Supplemental Information Form.
*A "related person" is defined as any advisory affiliate or any person that is under common control with your firm. See Form ADV for additional information.

1 MARGIN FEATURE

Margin Feature will NOT be automatically added, unless you check below.

◯ Add Margin Feature to my account

2 REGISTRATION Select only one.

- ● Individual
- ◯ Joint Tenants with Rights of Survivorship
- ◯ Tenants in Common
- ◯ Estate[2]
- ◯ Tenants by the Entirety[1]
- ◯ Community Property[1]
- ◯ Community Property with Rights of Survivorship[1]
- ◯ Conservatorship[2]
- ◯ Guardianship[2]
- ◯ Custodial (Section 10, optional)

Under Laws of (State)

Age of Termination

Name of the Estate	Tax ID Number of the Estate	Decedent's Social Security Number

Decedent's First Name	Middle	Last	Suffix

[1]This type of registration may not be available in your state.
[2]Additional documents are required to open these accounts.

Non-Deposit Investment Products: Not FDIC-Insured · No Bank Guarantee · May Lose Value

For Charles Schwab Use Only Account Number _____

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0 0 0 0 0 0

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FILE#8145

[redacted] 3 **ACCOUNT HOLDER INFORMATION** As required by federal law, Schwab will use the information provided below to verify your identity. For information about Schwab's privacy policy, please refer to the attached Account Application Agreement.

Account Holder/Minor/Ward/Executor

First Name	Middle	Last	Suffix
Elizabeth	Irene	Aiken	MS.

Are you known by another name? (specify)

Email Address: Elizabeth.Aiken @ [redacted]

Home Street Address (no P.O. boxes, please): [redacted]

City: [redacted] State: AZ Zip Code: [redacted] Home Telephone Number: [redacted]

Mailing Address (if different from above; P.O. boxes may be used)
Mailing Street Address (U.S. or Non-U.S.)

U.S. Address Only
City State Zip Code

Non-U.S. Address Only
City, Postal Code, Other Country

Date of Birth (mm/dd/yyyy): [redacted] Social Security/Tax ID Number: [redacted] Country of Legal Residence: ● USA ○ Other

Country(ies) of Citizenship (must list all; if not a U.S. citizen, please complete identification information below)
● USA ○ Other ○ Other

Identification Type (complete only if not a U.S. citizen)
○ Passport ● U.S. Driver's License ○ U.S. Gov't Issued ID

Identification Number: [redacted]

Place of Issuance: Arizona Issue Date: 9/4/03 Expiration Date: 9/5/2026

Employment Status
● Employed ○ Retired ○ Self-Employed ○ Non-Employed

Occupation/Position

Employer Name/Industry (if self-employed, indicate nature of business)
Planned Parenthood of Arizona

Business Address (no P.O. boxes, please)
Business Street Address (U.S. or Non-U.S.)
5651 N. 7th Street

U.S. Address Only
City: Phoenix State: AZ Zip Code: 85018 U.S. Business Telephone Number: (602) 263-4214

Non-U.S. Address Only
City, Postal Code, Other Country Non-U.S. Business Telephone Number (country code) (number)

I am employed by, affiliated with, or am either a director or owner of one or more securities firms. ○ Yes* ● No
If yes, list company name.

I am a director, 10% shareholder or policy-making officer of one or more publicly traded companies. ○ Yes ● No
If yes, list company symbol(s) (e.g., SCHW).

*Attach a written consent from your employer if employed by a securities firm.

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3 ACCOUNT HOLDER INFORMATION (Continued)

Additional Account Holder/Custodian/Conservator/Guardian/Co-Executor

First Name	Middle	Last	Suffix

Are you known by another name? (specify)	Email Address

Home Street Address (no P.O. boxes, please)		

City	State	Zip Code	Home Telephone Number
			( )

Date of Birth (mm/dd/yyyy)	Social Security/Tax ID Number	Country of Legal Residence
		◯ USA ◯ Other

Country(ies) of Citizenship (must list all; if not a U.S. citizen, please complete identification information below)
◯ USA ◯ Other ◯ Other

Identification Type (complete only if not a U.S. citizen)	Identification Number
◯ Passport ◯ U.S. Driver's License ◯ U.S. Gov't Issued ID	

Place of Issuance	Issue Date	Expiration Date

Employment Status	Occupation/Position
◯ Employed ◯ Retired ◯ Self-Employed ◯ Non-Employed	

Employer Name/Industry (if self-employed, indicate nature of business)

Business Address (no P.O. boxes, please) Business Street Address (U.S. or Non-U.S.)		

U.S. Address Only City	State	Zip Code	U.S. Business Telephone Number
			( )

Non-U.S. Address Only City, Postal Code, Other	Country	Non-U.S. Business Telephone Number (country code) (number)

I am employed by, affiliated with, or am either a director or owner of one or more securities firms.	If yes, list company name.	I am a director, 10% shareholder or policy-making officer of one or more publicly traded companies.	If yes, list company symbol(s) (e.g., SCHW).
◯ Yes* ◯ No		◯ Yes ◯ No	

*Attach a written consent from your employer if employed by a securities firm.

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4 CHOOSE YOUR CASH FEATURE

Please select below one eligible Cash Feature that may allow you to earn income on the free credit balances in your brokerage account (each, a "Cash Feature"). Eligibility for each Cash Feature is indicated below. For additional information on the eligibility rules for, and important disclosures about, the various alternatives to earn income on your cash, please see Schwab's Cash Feature disclosure statement. If you do not select a Cash Feature, select more than one Cash Feature, or select a Cash Feature for which you are not eligible, you instruct Schwab to designate the Bank Sweep Feature as the Cash Feature for your account. Schwab may make this designation without providing any advance notice to you.

Select only one of the following:	Available to:
● Bank Sweep Feature[1]	Individuals Only[2]
○ Schwab One® Interest Feature[3]	All Clients
○ Schwab Municipal Money Fund - Sweep Shares™ (SWXXX)	All Clients
○ Schwab AMT Tax-Free Money Fund™ - Sweep Shares (SWFXX)	All Clients
○ Schwab State-Specific (CA-SWCXX, MA-SWDXX, NJ-SWJXX, NY-SWNXX, PA-SWEXX) Municipal Money Fund - Sweep Shares Indicate State _____ (default is state of domicile on account)	All Clients
○ Schwab Government Money Fund™ (SWGXX)	Clients with Household Balance[4] > $100,000
○ Schwab U.S. Treasury Money Fund™ (SWUXX)	Clients with Household Balance > $100,000
○ Schwab Advisor Cash Reserves® - Sweep Shares (SWQXX)	Clients with Household Balance > $500,000
○ Schwab Advisor Cash Reserves - Premier Sweep Shares (SWZXX)	Clients with Household Balance > $1,000,000

[1]The Bank Sweep Feature automatically makes deposits to and withdrawals from deposit accounts held at Charles Schwab Bank, an FDIC-insured depository institution affiliated with Schwab. Please see Schwab's Cash Feature disclosure statement for more information about FDIC insurance. We recommend that you assume that coverage of deposit accounts established under the Bank Deposit Feature will be limited to FDIC insurance and that you not expect coverage from SIPC.

[2]The Bank Sweep Feature is available only to individuals.

[3]The Schwab One Interest feature allows you to receive interest from Schwab on the free credit balances in your brokerage account. Credit balances held at Schwab ARE NOT FDIC-INSURED AND ARE NOT BANK-GUARANTEED. The Schwab One Interest feature is currently not available for a brokerage account linked to a Schwab Bank Investor Checking™ Account.

[4]Your Household Balance includes all of your accounts at Schwab that have been linked in accordance with Schwab's householding guidelines.

If you select a Sweep Money Fund, your selection is considered a request for a prospectus. It is an indication of interest only, and you are not obligated to buy any shares. Please read the prospectus carefully. Although money funds seek to preserve the value of your investments at $1 per share, it is possible to lose money. Money funds ARE NOT FDIC-INSURED, MAY LOSE VALUE AND ARE NOT BANK-GUARANTEED.

Municipal money funds are designed for taxpayers who are seeking income that is exempt from federal income tax. Each of the state-specific funds generally provides income that is exempt from that respective state's personal income tax as well. With the exception of the Schwab AMT Tax-Free Money Fund, a portion of each of these funds' income may be subject to the federal alternative minimum tax (AMT). These funds are not appropriate for inclusion in an IRA or other retirement account or for any investor with tax-exempt status.

5 ELECTRONIC DELIVERY (eDelivery) ENROLLMENT

Schwab Institutional offers electronic delivery of your account statements and trade confirmations. Once enrolled, you will receive notifications via email that your statements and confirmations are available via Schwab's secure Web site, schwaballiance.com. Enrolling in eDelivery may also qualify you for lower online equity trades. Please consult with your Investment Advisor and/or the *Charles Schwab Institutional® Pricing Guide* for more pricing details.

To being enrollment in eDelivery, provide your email address below and Schwab Institutional will send you an email providing instructions on how to complete your enrollment and electronically consent to eDelivery via schwaballiance.com.

Email Address

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6 CHECKING PREFERENCES

Please select one of the following:

A. ◯ **Schwab One® Brokerage Checks and Visa® Platinum Check Cards** Complete ONLY if you have NOT applied for Schwab Bank Investor Checking™.

Checking. If you would like to order personal checks, indicate how the name(s) and address should read.

Account Holder	Additional Account Holder

Checking Address (no P.O. boxes, please) Street Address (U.S. or Non-U.S.)		

U.S. Address Only City	State	Zip Code

Non-U.S. Address Only City, Postal Code, Other	Country

Special Information (if any)

Visa. If you would like to order a Visa Platinum check card, indicate the names that should appear on the card. Visa Platinum check card privileges are not available for Custodial, Estate, Conservatorship or Guardianship Accounts.

Account Holder	Number of Visa cards desired for Account Holder
	◯ 1 ◯ 2
Additional Account Holder	**Number of Visa cards desired for Additional Account Holder**
	◯ 0 ◯ 1

B. ◯ **Schwab Bank Investor Checking Account**[1] Complete and attach the Add Schwab Bank Investor Checking to Your Schwab One Brokerage Account Application. This full-featured Schwab Bank checking account links to your Schwab One brokerage account and includes unlimited checkwriting, free Schwab Bank Bill Pay, a Visa Platinum check card with ATM rebates,[2] downloads to Microsoft® Money or Quicken®, and interest on your cash balances.[3]

C. ◯ **None**

[1]You must be a U.S. resident or resident alien and have a U.S. mailing address to open a Schwab Bank Investor Checking account.

[2]Refer to the *Schwab Bank Deposit Account Pricing Guide* for details.

[3]Schwab Bank is an FDIC-insured depository institution affiliated with Schwab. Funds deposited at Schwab Bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to $100,000 when aggregated with all other deposits held by you in the same capacity at Schwab Bank.

7 AUTHORIZATIONS Please initial all areas that apply to this account.

Any of these authorizations may be revoked by providing notice to Schwab. Schwab may require that such notice be provided in writing. If more than one person is listed on the account, each Account Holder must initial the authorizations granted below. (An "X" is not sufficient.)

Account Holder/Custodian	Add'l Account Holder	Add'l Account Holder	
EA			**Trading and Disbursement Authorization.** I authorize Schwab (1) to execute trades in my account at the direction of IA as provided under the Trading Authorization heading in the attached Schwab One Account Application Agreement; (2) to disburse assets for investment purposes or to me personally, as instructed by IA; (3) to remit checks, wire funds and otherwise make disbursements of funds held in the account (i) to banks, broker-dealers, investment companies or other financial institutions for credit to an account of identical registration, or (ii) to me at my address of record. **(Note: This option is not available for Estate, Guardianship or Conservatorship accounts.)**
EA			**Trading Authorization.** I authorize Schwab to execute trades in my account at the direction of IA as provided under the Trading Authorization heading in the attached Schwab One Account Application Agreement.
EA			**Fee Payment Authorization.** I authorize Schwab to pay investment advisory and related fees to IA from my account in the amount of IA's instructions.

Account Holder/ Custodian/Executor	Add'l Account Holder/ Co-Guardian/Co-Executor	Add'l Account Holder/ Co-Guardian/Co-Executor
Account Holder/ Custodian/Executor	Add'l Account Holder/ Co-Guardian/Co-Executor	Add'l Account Holder/ Co-Guardian/Co-Executor

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8 ISSUER COMMUNICATIONS AND RELATED ACTIONS

If you have granted your IA trading authority over your account, and your IA exercises investment discretion for you pursuant to an advisory contract, you can appoint your IA to be sent certain issuer and issuer-related communications (proxies, tender offers, proposed mergers, rights offerings, exchange offers and warrants, among other things) that may require a voting decision or other action regarding investments held in your account.

If you appoint your IA below, your IA will, regarding only those voting decisions or other action communications sent to your IA: (i) be requested to vote proxy ballots; (ii) be requested to provide instructions regarding corporate reorganizations and other corporate actions; and (iii) be sent certain prospectuses and annual reports and other communications. In these cases, you will be authorizing your IA to make all voting decisions and take all actions on your behalf. You will not be sent informational copies of these communications.

Even if you appoint your IA below, you may still be sent certain other issuer and issuer-related communications regarding investments held in your account. You agree that you will be responsible for providing Schwab any applicable instructions or directions on those items.

Please select only one:

○ Yes. I appoint my IA, and I will fulfill my responsibilities, as described above. I instruct Schwab not to disclose my name, address and securities positions to any issuer of securities held in my account.

● No. I do not appoint my IA as described above. I wish to be sent all issuer and issuer-related communications, make all voting decisions and take all actions described above. I understand that any issuer of securities held in my account may request that Schwab disclose to it my name, address and securities positions in that issuer.

If you selected "No" above, please select one:

My IA ● should / ○ should not be sent informational copies of any issuer or issuer-related communications.

If you do not select either "Yes" or "No" above, Schwab will deem you to have indicated "No," but informational copies of issuer and issuer-related communications may be sent to your IA.

9 AUTHORIZATION TO OPEN ACCOUNT

By signing this Application, you acknowledge that you have received and read a copy of the attached Application Agreement, which contains a predispute arbitration provision. You acknowledge that your signature signifies and constitutes your agreement that this account and your relationship with Schwab will be governed by the Application Agreement and all incorporated agreements and disclosures, including, but not limited to, the Schwab One® Account Agreement and the *Charles Schwab Institutional® Pricing Guide*, each as amended from time to time (the "Agreement and Disclosures"). You understand there are fees associated with establishing, maintaining and engaging in transactions.

If you have selected the margin feature, you acknowledge that securities securing loans from Schwab may be lent to Schwab and lent by Schwab to others. You also acknowledge that if you trade "on margin," you are borrowing money from Schwab and that you understand the requirements and risks associated with margin borrowing as summarized in the Margin Disclosure Statement included with this Application.

For purposes of this Account Application and the attached Application Agreement, the terms "you," "your" and "Account Holder" refer to each person who signs this Account Application. The terms "we," "us," "our" and "Schwab" refer to Charles Schwab & Co., Inc.

I certify under penalty of perjury that (1) the number shown on this Application is my correct taxpayer number; (2) I am not subject to back-up withholding because (a) I am exempt from back-up withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to back-up withholding as a result of a failure to report all interest and dividends, or (c) the IRS has notified me that I am no longer subject to back-up withholding; and (3) I am a U.S. person (including a U.S. resident alien). (I understand that if I have been notified by the IRS that I am subject to back-up withholding as a result of dividend or interest underreporting and I have not received a notice from the IRS advising me that back-up withholding is terminated, I must strike or cross out the information contained in item 2 above.) The IRS does not require my consent to any provision of this document other than the certification required to avoid back-up withholding.

The Agreement with Schwab includes a predispute arbitration clause. I acknowledge receipt of the predispute arbitration clause contained in the Required Arbitration Disclosures and Arbitration Agreement sections, pages 1 and 2, of the Schwab One Account Application Agreement.

All Account Holders must sign. Your signature(s) below will also serve as a signature card for checks and Visa® Platinum check card(s).

▶ Elizabeth I. Aiken — Elizabeth I. Aiken — Date 6/3/08 (mm/dd/yyyy)
Signature: Account Holder/Custodian/Conservator/Guardian/Executor — Print Name

▶ _____ — _____ — Date _____ (mm/dd/yyyy)
Signature: Additional Account Holder/Custodian/Co-Guardian/Co-Executor — Print Name

▶ _____ — _____ — Date _____ (mm/dd/yyyy)
Signature: Additional Account Holder/Custodian/Co-Guardian/Co-Executor — Print Name

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If you appoint your IA below, your IA will, regarding only those voting decisions or other action communications sent to your IA: (i) be requested to vote proxy ballots; (ii) be requested to provide instructions regarding corporate reorganizations and other corporate actions; and (iii) be sent certain prospectuses and annual reports and other communications. In these cases, you will be authorizing your IA to make all voting decisions and take all actions on your behalf. You will not be sent informational copies of these communications.

Even if you appoint your IA below, you may still be sent certain other issuer and issuer-related communications regarding investments held in your account. You agree that you will be responsible for providing Schwab any applicable instructions or directions on those items.

Please select only one:

○ Yes. I appoint my IA, and I will fulfill my responsibilities, as described above. I instruct Schwab not to disclose my name, address and securities positions to any issuer of securities held in my account.

● No. I do not appoint my IA as described above. I wish to be sent all issuer and issuer-related communications, make all voting decisions and take all actions described above. I understand that any issuer of securities held in my account may request that Schwab disclose to it my name, address and securities positions in that issuer.

If you selected "No" above, please select one:

My IA ● should / ○ should not be sent informational copies of any issuer or issuer-related communications.

If you do not select either "Yes" or "No" above, Schwab will deem you to have indicated "No," but informational copies of issuer and issuer-related communications may be sent to your IA.

9 AUTHORIZATION TO OPEN ACCOUNT

By signing this Application, you acknowledge that you have received and read a copy of the attached Application Agreement, which contains a predispute arbitration provision. You acknowledge that your signature signifies and constitutes your agreement that this account and your relationship with Schwab will be governed by the Application Agreement and all incorporated agreements and disclosures, including, but not limited to, the Schwab One® Account Agreement and the *Charles Schwab Institutional® Pricing Guide*, each as amended from time to time (the "Agreement and Disclosures"). You understand there are fees associated with establishing, maintaining and engaging in transactions.

If you have selected the margin feature, you acknowledge that securities securing loans from Schwab may be lent to Schwab and lent by Schwab to others. You also acknowledge that if you trade "on margin," you are borrowing money from Schwab and that you understand the requirements and risks associated with margin borrowing as summarized in the Margin Disclosure Statement included with this Application.

For purposes of this Account Application and the attached Application Agreement, the terms "you," "your" and "Account Holder" refer to each person who signs this Account Application. The terms "we," "us," "our" and "Schwab" refer to Charles Schwab & Co., Inc.

I certify under penalty of perjury that (1) the number shown on this Application is my correct taxpayer number; (2) I am not subject to back-up withholding because (a) I am exempt from back-up withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to back-up withholding as a result of a failure to report all interest and dividends, or (c) the IRS has notified me that I am no longer subject to back-up withholding; and (3) I am a U.S. person (including a U.S. resident alien). (I understand that if I have been notified by the IRS that I am subject to back-up withholding as a result of dividend or interest underreporting and I have not received a notice from the IRS advising me that back-up withholding is terminated, I must strike or cross out the information contained in item 2 above.) The IRS does not require my consent to any provision of this document other than the certification required to avoid back-up withholding.

The Agreement with Schwab includes a predispute arbitration clause. I acknowledge receipt of the predispute arbitration clause contained in the Required Arbitration Disclosures and Arbitration Agreement sections, pages 1 and 2, of the Schwab One Account Application Agreement.

All Account Holders must sign. Your signature(s) below will also serve as a signature card for checks and Visa® Platinum check card(s).

▶ Elizabeth I. Aiken — Elizabeth I. Aiken — Date 6/3/08
Signature: Account Holder/Custodian/Conservator/Guardian/Executor — Print Name — (mm/dd/yyyy)

▶ _____ — _____ — Date _____
Signature: Additional Account Holder/Custodian/Co-Guardian/Co-Executor — Print Name — (mm/dd/yyyy)

▶ _____ — _____ — Date _____
Signature: Additional Account Holder/Custodian/Co-Guardian/Co-Executor — Print Name — (mm/dd/yyyy)

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Schwab Institutional is a division of Charles Schwab & Co., Inc. FTA 02573 (0706-0970) APP13582STA-17 (09/07)

FAX

Date: March 2, 2010
From: Elizabeth Aiken
[redacted]

To: Doug Hall
Fax: (480) 503-8180

Re: Diversified Financial/Richard Schmerman
Charles Schwab Institutional Brokerage Account #[redacted]6196

Included here is all the documentation I have hard copies of in regard to the above account and my mother's money market account held by Diversified Financial/Rick Schmerman.

Thank you for your assistance.

Sincerely,

Elizabeth Aiken
[redacted] AZ [redacted]

DIVERSIFIED FINANCIAL

DF

5312 North 12th Street Suite 301 Phoenix, Arizona 85014
(602) 224-6040 (602) 957-4845 Fax (602) 266-5307

Richard M. Schmerman*, CFP®, ChFC
Tax Planning and Portfolio Management*

September 23, 2009

Ms. Stephanie Bivens
Bivens & Associates P.L.L.C.
5020 East Shea Boulevard
Suite #210
Scottsdale, Arizona 85254

Dear Ms. Bivens,

This is to acknowledge that as of September 15, 2009 the value in the account of Elizabeth I. Aiken is $ 77,589.64.

From January 1, 2009 until September 15, 2009 the following transactions have occurred:

Balance	January 1, 2009	$ 104,786.37
Interest Payment	January 15, 2009	$ 154.56
Transfer to Bank One	January 28, 2009	$ (20,000.00)
Interest Payment	April 15, 2009	$ 80.69
Interest Payment	July 15, 2009	$ 68.02
Transfer to Bank One	September 3, 2009	$ (7,500.00)
Balance	September 15, 2009	$ 77,589.64

Sincerely,

Richard M. Schmerman
RMS/aly

ACC000039
SCHMERMAN
FILE#8145

*Registered Principal Offering Securities and Advisory Services Through United Planners Financial Services of America, A Limited Partnership Member FINRA, SIPC
Diversified Financial and United Planners are not affiliated.

DIVERSIFIED FINANCIAL

5312 North 12th Street Suite 301 Phoenix, Arizona 85014
(602) 224-6040 (602) 957-4845 Fax (602) 266-5307

Richard M. Schmerman*, CFP®, ChFC
Tax Planning and Portfolio Management*

June 10, 2009

Ms. Stephanie Bivens
Bivens & Associates P.L.L.C.
5020 East Shea Boulevard
Suite #210
Scottsdale, Arizona 85254

Dear Ms. Bivens,

This is to acknowledge that as of May 31, 2009, the value in the account of Elizabeth I. Aiken is $ 85,021.62.

From January 1, 2009 until May 31, 2009 the following transactions have occurred:

Balance	January 1, 2009	$ 104,786.37
Interest Payment	January 15, 2009	$ 154.56
Transfer to Bank One	January 28, 2009	$ (20,000.00)
Interest Payment	April 15, 2009	$ 80.69
Balance	May 31, 2009	$ 85,021.62

Sincerely,

Richard M. Schmerman
RMS/dmc

*Registered Principal Offering Securities and Advisory Services Through United Planners Financial Services of America, A Limited Partnership Member FINRA, SIPC
Diversified Financial and United Planners are not affiliated.

DIVERSIFIED FINANCIAL

DF

5312 North 12th Street Suite 301 Phoenix, Arizona 85014
(602) 224-6040 (602) 957-4845 Fax (602) 266-5307

Richard M. Schmerman*, CFP®, ChFC
Tax Planning and Portfolio Management*

August 14, 2008

Ms. Stephanie Bivens
Bivens & Associates P.L.L.C.
5020 East Shea Boulevard
Suite #210
Scottsdale, AZ 85254

Dear Ms. Bivens,

This is to acknowledge that as of August 14, 2008, Gloria I. Aiken has gifted $117,204 (corresponding value) from her Charles Schwab Institutional Brokerage Account to Elizabeth I. Aiken.

As of August 14, 2008, Elizabeth I. Aiken has established a Charles Schwab Institutional Brokerage Account in her name (Account Number #[redacted]-6196) for this $117,204 gifted amount.

Sincerely,

Richard M. Schmerman
RMS/dmc

*Registered Principal Offering Securities and Advisory Services Through United Planners Financial Services of America, A Limited Partnership Member FINRA, SIPC
Diversified Financial and United Planners are not affiliated.

DIVERSIFIED FINANCIAL

5312 North 12th Street Suite 301 Phoenix, Arizona 85014
(602) 224-6040 (602) 957-4845 Fax (602) 266-5307

Richard M. Schmerman, CFP, ChFC
Licensed Investment Advisor
Tax Planning and Portfolio Management

GLORIA I. AIKEN

Institutional Money Market Account

DESCRIPTION	TRANSACTIONS	BALANCES
Initial Deposit May, 2005	$ 175,000.00	$175,000.00
Monthly Redemption (June)	$(500.00)	$174,500.00
2nd Quarter Interest Payment - 2005	$724.18	$175,224.12
Monthly Redemption (July)	$(500.00)	$174,724.18
Monthly Redemption (August)	$(500.00)	$174,224.18
Monthly Redemption (September)	$(500.00)	$173,724.18
3rd Quarter Interest Payment - 2005	$1,229.10	$174,953.28
Monthly Redemption (October)	$(500.00)	$174,453.28
Monthly Redemption (November)	$(500.00)	$173,953.28
Monthly Redemption (December)	$(500.00)	$173,453.28
4th Quarter Interest Payment - 2005	$ 1,461.34	$174,914.62
Monthly Redemption (January - 2006)	$(500.00)	$174,414.62
Monthly Redemption (February)	$(500.00)	$173,914.62
Special Redemption (February)	$(16,500.00)	$157,414.62
Monthly Redemption (March)	$(500.00)	$156,914.62
1st Quarter Interest Payment - 2006	$1,610.30	$158,524.92
Monthly Redemption (April)	$(500.00)	$158,024.92
Monthly Redemption (May)	$(500.00)	$157,524.92
Monthly Redemption (June)	$(500.00)	$157,024.92
Special Redemption (June)	$(4,500.00)	$152,524.92
2nd Quarter Interest Payment - 2006	$1,632.02	$154,156.94
Monthly Redemption (July)	$(500.00)	$153,656.94

Securities Offered Through Mutual Service Corporation
Member NASD/SIPC
Diversified Financial is not affiliated with Mutual Service Corporation

ACC000042
SCHMERMAN
FILE#8145

08-22-2006

Money Market Rates

2005 2nd Quarter Interest Rate	2.49%
2005 3rd Quarter Interest Rate	2.83%
2005 4th Quartet Interest Rate	3.37%
2006 1st Quarter Interest Rate	3.82%
2006 2nd Quarter Interest Rate	4.28%

08.22.2006

Doug Hall

From: elizabeth aiken [elizabeth.aiken@[redacted]
Sent: Tuesday, March 02, 2010 12:09 PM
To: dhall@unitedplanners.com
Subject: FW: First set of money

From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Tuesday, January 26, 2010 11:34 AM
To: 'dfinancial@aol.com'
Subject: RE: First set of money

Can you send my a final account statement now, or do you have to wait till the final transfer?

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

From: dfinancial@aol.com [mailto:dfinancial@aol.com]
Sent: Friday, January 22, 2010 5:08 PM
To: elizabeth.aiken@[redacted]
Subject: First set of money

Hi Liz,

Thirty five thousand is going in on Saturday. Rest of balance will be within the next few days. Rick

ACC000045
SCHMERMAN
FILE#8145

Doug Hall

From: elizabeth aiken [elizabeth.aiken@[redacted]
Sent: Tuesday, March 02, 2010 12:09 PM
To: dhall@unitedplanners.com
Subject: FW: First set of money

From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Tuesday, January 26, 2010 10:26 AM
To: 'dfinancial@aol.com'
Subject: RE: First set of money

Rick,

I received the first transfer today.

Thanks,

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

From: dfinancial@aol.com [mailto:dfinancial@aol.com]
Sent: Friday, January 22, 2010 5:08 PM
To: elizabeth.aiken@[redacted]
Subject: First set of money

Hi Liz,

Thirty five thousand is going in on Saturday. Rest of balance will be within the next few days. Rick

Doug Hall

From: elizabeth aiken [elizabeth.aiken@[redacted]
Sent: Tuesday, March 02, 2010 12:09 PM
To: dhall@unitedplanners.com
Subject: FW: transfer

From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Saturday, January 16, 2010 9:31 AM
To: 'dfinancial@aol.com'
Subject: RE: transfer

Promise? ☺

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

From: dfinancial@aol.com [mailto:dfinancial@aol.com]
Sent: Saturday, January 16, 2010 7:43 AM
To: elizabeth.aiken@[redacted]
Subject: Re: transfer

Hi, We should be seeing the monies sometime between Wednesday and Friday of next week. I will make you a statement this weekend for your balance. Thanks for your patience. Rick

-----Original Message-----
From: elizabeth aiken <elizabeth.aiken@[redacted]>
To: dfinancial@aol.com
Sent: Fri, Jan 15, 2010 4:29 pm
Subject: RE: transfer

Rick,

I received no transfer at all this week.

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

From: dfinancial@aol.com [mailto:dfinancial@aol.com]
Sent: Thursday, January 07, 2010 10:04 AM
To: elizabeth.aiken@[redacted]
Subject: Re: transfer

Hi,

Received the e-mail. Will take care of the transfer. It will be starting right around Wednesday, but may be a couple of days later. I will keep you informed. Rick

-----Original Message-----
From: elizabeth aiken <elizabeth.aiken@[redacted]>
To: dfinancial@aol.com
Sent: Thu, Jan 7, 2010 9:26 am
Subject: FW: transfer

Rick,

I have not heard from you, but I am assuming you have received the below email and that you will transfer my balance and write me up a final account statement by next Wed. Please confirm that you have received this email.

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Wednesday, December 23, 2009 3:58 PM
To: 'dfinancial@aol.com'
Subject: transfer

Rick,

I'm really very concerned that I asked you to make a transfer on November 18th and I still have not received the total amount. I have to keep asking you again and again for these transfers and so I think it would be better if I closed my account with you and transfer the funds to an account I feel confident that I can access when needed.

Please create a final account statement and transfer that amount into my account by Jan. 13. Three weeks should be more than enough time to do this for me.

Thank you.

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

ACC000048
SCHMERMAN
FILE#8145

Doug Hall

From: elizabeth aiken [elizabeth.aiken@[redacted]
Sent: Tuesday, March 02, 2010 12:08 PM
To: dhall@unitedplanners.com
Subject: FW: transfer

From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Friday, January 15, 2010 4:30 PM
To: 'dfinancial@aol.com'
Subject: RE: transfer

Rick,

I received no transfer at all this week.

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

From: dfinancial@aol.com [mailto:dfinancial@aol.com]
Sent: Thursday, January 07, 2010 10:04 AM
To: elizabeth.aiken@[redacted]
Subject: Re: transfer

Hi,

Received the e-mail. Will take care of the transfer. It will be starting right around Wednesday, but may be a couple of days later. I will keep you informed. Rick

-----Original Message-----
From: elizabeth aiken <elizabeth.aiken@[redacted]
To: dfinancial@aol.com
Sent: Thu, Jan 7, 2010 9:26 am
Subject: FW: transfer

Rick,

I have not heard from you, but I am assuming you have received the below email and that you will transfer my balance and write me up a final account statement by next Wed. Please confirm that you have received this email.

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Wednesday, December 23, 2009 3:58 PM
To: 'dfinancial@aol.com'
Subject: transfer

ACC000049
SCHMERMAN
FILE#8145

Rick,

I'm really very concerned that I asked you to make a transfer on November 18th and I still have not received the total amount. I have to keep asking you again and again for these transfers and so I think it would be better if I closed my account with you and transfer the funds to an account I feel confident that I can access when needed.

Please create a final account statement and transfer that amount into my account by Jan. 13. Three weeks should be more than enough time to do this for me.

Thank you.

Liz Aiken

[redacted]

Elizabeth.Aiken@[redacted]

Doug Hall

From: elizabeth aiken [elizabeth.aiken@[redacted]
Sent: Tuesday, March 02, 2010 12:08 PM
To: dhall@unitedplanners.com
Subject: FW: transfer

From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Thursday, January 07, 2010 9:26 AM
To: 'dfinancial@aol.com'
Subject: FW: transfer

Rick,

I have not heard from you, but I am assuming you have received the below email and that you will transfer my balance and write me up a final account statement by next Wed. Please confirm that you have received this email.

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Wednesday, December 23, 2009 3:58 PM
To: 'dfinancial@aol.com'
Subject: transfer

Rick,

I'm really very concerned that I asked you to make a transfer on November 18th and I still have not received the total amount. I have to keep asking you again and again for these transfers and so I think it would be better if I closed my account with you and transfer the funds to an account I feel confident that I can access when needed.

Please create a final account statement and transfer that amount into my account by Jan. 13. Three weeks should be more than enough time to do this for me.

Thank you.

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

Doug Hall

From: elizabeth aiken [elizabeth.aiken@[redacted]
Sent: Tuesday, March 02, 2010 12:08 PM
To: dhall@unitedplanners.com
Subject: FW: transfer

From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Wednesday, December 23, 2009 3:58 PM
To: 'dfinancial@aol.com'
Subject: transfer

Rick,

I'm really very concerned that I asked you to make a transfer on November 18th and I still have not received the total amount. I have to keep asking you again and again for these transfers and so I think it would be better if I closed my account with you and transfer the funds to an account I feel confident that I can access when needed.

Please create a final account statement and transfer that amount into my account by Jan. 13. Three weeks should be more than enough time to do this for me.

Thank you.

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

Doug Hall

From: elizabeth aiken [elizabeth.aiken@[redacted]
Sent: Tuesday, March 02, 2010 12:07 PM
To: dhall@unitedplanners.com
Subject: FW: Gloria Aiken

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Monday, December 14, 2009 8:46 AM
To: 'dfinancial@aol.com'
Subject: FW: Gloria Aiken

Rick,

I have received the first $15,000 but not the second. When will you be able to do that transfer?

Thanks,

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Wednesday, November 18, 2009 11:28 AM
To: 'DFinancial@aol.com'
Subject: Gloria Aiken

Rick,

Would it be possible for you to transfer $30,000 into my mother's account before Dec. 1st?

Thanks very much.

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

ACC000053
SCHIMERMAN
FILE#8145

Doug Hall

From: elizabeth aiken [elizabeth.aiken@[redacted]
Sent: Tuesday, March 02, 2010 12:06 PM
To: dhall@unitedplanners.com
Subject: FW: Gloria Aiken

-----Original Message-----
From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Monday, November 30, 2009 8:22 AM
To: 'dfinancial@aol.com'
Subject: RE: Gloria Aiken

Rick,

I have not seen the transfer yet. I'm hoping it still can happen by tomorrow. It's really important.

Thanks,
Liz

-----Original Message-----
From: dfinancial@aol.com [mailto:dfinancial@aol.com]
Sent: Wednesday, November 18, 2009 6:19 PM
To: elizabeth.aiken@[redacted]
Subject: Re: Gloria Aiken

Hi, We will take care of it. Rick

-----Original Message-----
From: elizabeth aiken <elizabeth.aiken@[redacted]
To: DFinancial@aol.com
Sent: Wed, Nov 18, 2009 11:28 am
Subject: Gloria Aiken

Rick,

Would it be possible for you to transfer $30,000 into my mother's account before Dec. 1st?

Thanks very much.

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

ACC000054
SCHMERMAN
FILE#8145

Doug Hall

From: elizabeth aiken [elizabeth.aiken@[redacted]
Sent: Tuesday, March 02, 2010 12:06 PM
To: dhall@unitedplanners.com
Subject: FW: Gloria Aiken

Mr. Hall,

Thank you very much for you call.

This is the beginning of the struggle I had with Mr. Schmerman to transfer funds. Other emails will follow.

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Wednesday, November 18, 2009 11:28 AM
To: 'DFinancial@aol.com'
Subject: Gloria Aiken

Rick,

Would it be possible for you to transfer $30,000 into my mother's account before Dec. 1st?

Thanks very much.

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

ACC000055
SCHMERMAN
FILE#8145

June 10, 2009

Ms. Stephanie Bivens
Bivens & Associates P.L.L.C.
5020 East Shea Boulevard
Suite #210
Scottsdale, Arizona 85254

Dear Ms. Bivens,

This is to acknowledge that as of May 31, 2009, the value in the account of Elizabeth I. Aiken is $ 85,021.62.

From January 1, 2009 until May 31, 2009 the following transactions have occurred:

Balance	January 1, 2009	$ 104,786.37
Interest Payment	January 15, 2009	$ 154.56
Transfer to Bank One	January 28, 2009	$ (20,000.00)
Interest Payment	April 15, 2009	$ 80.69
Balance	May 31, 2009	$ 85,021.62

Sincerely,

Richard M. Schmerman
RMS/dmc

September 23, 2009

Ms. Stephanie Bivens
Bivens & Associates P.L.L.C.
5020 East Shea Boulevard
Suite #210
Scottsdale, Arizona 85254

Dear Ms. Bivens,

This is to acknowledge that as of September 15, 2009 the value in the account of Elizabeth I. Aiken is $ 77,589.64.

From January 1, 2009 until September 15, 2009 the following transactions have occurred:

Balance	January 1, 2009	$ 104,786.37
Interest Payment	January 15, 2009	$ 154.56
Transfer to Bank One	January 28, 2009	$ (20,000.00)
Interest Payment	April 15, 2009	$ 80.69
Interest Payment	July 15, 2009	$ 68.02
Transfer to Bank One	September 3, 2009	$ (7,500.00)
Balance	September 15, 2009	$ 77,589.64

Sincerely,

Richard M. Schmerman
RMS/aly

UNITED PLANNERS
FINANCIAL SERVICES

A LIMITED PARTNERSHIP

7333 EAST DOUBLETREE RANCH ROAD, SUITE 120, SCOTTSDALE, ARIZONA 85258

TEL (480) 991-0225 FAX (480) 991-2714

November 30th, 2010

Arizona Corporate Commission
Attn: Phong (Paul) Huynh
1200 West Washington
Phoenix, AZ 85007

Re: Richard M. Schmerman,

Dear Mr. Huynh,

This letter is in response to your correspondence dated November 10th, 2010.

1. Enclosed is a list of Mr. Schmerman's clients (advisory and security) through United Planners. Please note that Mr. Schmerman was an investment advisory representative through United Planners' advisory program and did not have discretionary authority on client accounts. Diversified Financial was his DBA name for his tax practice. Please see Exhibit A.

2. Per our conversation on November 15th, we have postponed the response.

3. Per our conversation on November 15th, we have postponed the response.

4. The information regarding the Schmerman investigation was included in the FINRA and prior AZ responses. United Planners believes that the previous submissions are inclusive of all investigative documents. If any additional items are found, we will promptly supplement this correspondence.

5. Enclosed are all documents to and from FINRA relating to Mr. Schmerman. Please see Exhibit B.

6. The only complaint received relating to Mr. Schmerman was by Ms. Aiken. Please see Exhibit C.

7. Enclosed are Forms U-4 and U-5 for Mr. Schmerman. No Form U-6 has been filed. Please see Exhibit D.

8. Enclosed are the written supervisory procedures for United Planners as well as the Policies and Procedures Manual (Field Manual) during the time in question. Please see Exhibit E. All United Planners registered representatives are required to attest annually that they have read the United Planners Policies and Procedures Manual (see question #18 on the Annual Compliance Questionnaire). Enclosed are the certifications that Mr. Schmerman made while affiliated with United Planners. Please see Exhibit F.

9. Enclosed is Mr. Schmerman's response to our inquiry regarding Ms. Aikens. Please see Exhibit G.

10. United Planners audited Mr. Schmerman's three times during his association. Enclosed are the audits and supporting documentation. Please see Exhibit H.

11. United Planners audits policy is noted in the Firm's written supervisory procedures (page 16, 128). Please see Exhibit E.

Sincerely,

Doug Hall
Vice President, Chief Compliance Officer
Cc: File

EXHIBIT
S-8a
ADMITTED

ACC001308
SCHMERMAN
FILE#8145

United Planners
EXHIBITS

ACC001309
SCHMERMAN
FILE#8145

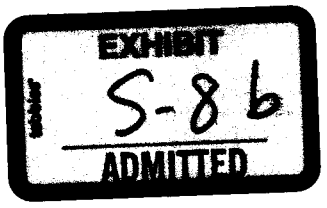
SCHMERMAN

FACSIMILE

TO	Mr. Douglas C. Hall	FROM	Greg Walsh
COMPANY	United Planners Financial Services of America A Limited Partner	FAX	303-620-9450
FAX	480-503-8180	TEL	303-446-3100
TEL	480-991-0225		
DATE	March 31, 2010		
NUMBER OF PAGES INCLUDING COVER	4		

This fax transmittal is strictly confidential and is intended solely for the person or organization to whom it is addressed.

[redacted]0460



ACC007283
FILE#8145

4600 S. Syracuse Street
Suite 1400
Denver, CO
80237-2719

t 303 446 3100
f 303 620 9450
www.finra.org

Financial Industry Regulatory Authority

First Class Mail and Facsimile (480) 503-8180

March 31, 2010

CONFIDENTIAL

Mr. Douglas C. Hall
United Planners' Financial Services of America a Limited Partner
7333 E. Doubletree Ranch Rd
Scottsdale, AZ 85258

RE: [redacted]0460
United Planners' Financial Services of America a Limited Partner / Mr. Richard Mark Schmerman

Dear Mr. Hall:

This office is conducting inquiry with respect to the Form U-5 filed by your firm on behalf of your former registered representative Richard M. Schmerman ("Schmerman"). The Form U-5 was filed on March 10, 2010, indicating that Schmerman was the subject of a customer complaint received on February 26, 2010, that led to an internal investigation resulting in his discharge. The Form U-5 states the firm determined that Schmerman comingled client assets with his checking account.

To facilitate our inquiry, it is requested that you please provide the following information:

1. Per our conversation on March 26, 2010, please provide a written narrative detailing the firm's initial discovery and subsequent internal investigation of Schmerman that led to the Form U-5 filing on March 10, 2010. Please include all the relevant documentation obtained during the firm's review.

2. Documentation evidencing the expansive reviews you mentioned the firm conducted to determine if additional customers were affected.

3. Copy of the complaint received on February 26, 2010, from the customer identified in the Form U-5 filing. Include a copy of the firm's response and any subsequent communications with the customer including documentation evidencing the firm's settlement.

4. Contact information for the individual that filed the February 26, 2010, complaint.

5. Copies of Schmerman's emails incoming and outgoing from his start date through his termination date.

ACC007284
FILE#8145

6. A list of all branch audits conducted by the firm for Schmerman's branch office since May 15, 2008.

7. Copies of the new account forms whether submitted to the home office or not for the customer and/or the daughter of the customer identified in the Form U-5 filing. Provide an explanation whether or not Schmerman opened an account for either the customer or her daughter. Provide all applicable documentation.

8. If applicable, copies of the account statements for the account of the customer and/or the daughter of the customer identified in the From U-5 filing.

9. Electronic Copy of the firm's written supervisory procedures in place From May 15, 2008, through the date of Schmerman was terminated.

10. Copies of all forms signed by Schmerman documenting his attesting to being aware of and complying with applicable securities rules and regulations as well as the firm's compliance policies and procedures.

11. Copies of any other complaints against Mr. Schmerman received by the firm during the past two years and the firm's response to those complaints.

12. Any and all other data, documents and/or information the firm would want this office to review with respect to this matter.

Please be advised that a firm employing a registered representative with a history or pattern of investor complaints, disciplinary actions, and/or arbitrations must consider imposing heightened supervisory procedures and/or educational programs designed to address the issues raised by the history or pattern of any such registered representative (see *Notice to Members 97-19*).

Since this is a preliminary inquiry, it does not require reporting under Form U-4, Question 14G, regarding notice of investigations.

This request is being made pursuant to FINRA Rule 8210 which requires a member firm and persons associated (or formerly associated) with a member firm to provide information with respect to any matter involved in an investigation, complaint or proceeding. Your response must be received in this office no later than **April 16, 2010.**

While FINRA's investigations are conducted in a confidential and non-public manner, NASD/NYSE rules do not provide for the "confidential treatment" of documents or records in all circumstances. Accordingly, FINRA does not enter into any agreement with a member as to confidential treatment of documents or records produced during an investigation. As you may know, we are subject to SEC oversight and routinely grant the SEC access to such records or documents, if so requested. Also, FINRA may produce

such records or documents to a litigant in response to a subpoena, or to federal or state regulatory authorities or law enforcement agencies in response to a subpoena or a regulatory access request, or to another self regulatory organization in response to a regulatory access request. FINRA does not provide a member with any notification of the service of such a subpoena or access request. However, if an access request is granted the recipient has undertaken to treat the documents or records in the same confidential manner as FINRA does. These are the limited circumstances under which a third party could gain access to the documents or records you have produced.

If you have any questions, please contact the undersigned at 303-446-3100.

Sincerely,

Greg Walsh
Associate Principal Examiner

greg.walsh@finra.org

FINRA™

Financial Industry Regulatory Authority

First Class Mail and Facsimile (480) 503-8180

March 31, 2010

CONFIDENTIAL

Mr. Douglas C. Hall
United Planners' Financial Services of America a Limited Partner
7333 E. Doubletree Ranch Rd
Scottsdale, AZ 85258

RE: [redacted]0460
United Planners' Financial Services of America a Limited Partner / Mr. Richard Mark Schmerman

Dear Mr. Hall:

This office is conducting inquiry with respect to the Form U-5 filed by your firm on behalf of your former registered representative Richard M. Schmerman ("Schmerman"). The Form U-5 was filed on March 10, 2010, indicating that Schmerman was the subject of a customer complaint received on February 26, 2010, that led to an internal investigation resulting in his discharge. The Form U-5 states the firm determined that Schmerman comingled client assets with his checking account.

To facilitate our inquiry, it is requested that you please provide the following information:

1. Per our conversation on March 26, 2010, please provide a written narrative detailing the firm's initial discovery and subsequent internal investigation of Schmerman that led to the Form U-5 filing on March 10, 2010. Please include all the relevant documentation obtained during the firm's review.

2. Documentation evidencing the expansive reviews you mentioned the firm conducted to determine if additional customers were affected.

3. Copy of the complaint received on February 26, 2010, from the customer identified in the Form U-5 filing. Include a copy of the firm's response and any subsequent communications with the customer including documentation evidencing the firm's settlement.

4. Contact information for the individual that filed the February 26, 2010, complaint.

5. Copies of Schmerman's emails incoming and outgoing from his start date through his termination date.

6. A list of all branch audits conducted by the firm for Schmerman's branch office since May 15, 2008.

7. Copies of the new account forms whether submitted to the home office or not for the customer and/or the daughter of the customer identified in the Form U-5 filing. Provide an explanation whether or not Schmerman opened an account for either the customer or her daughter. Provide all applicable documentation.

8. If applicable, copies of the account statements for the account of the customer and/or the daughter of the customer identified in the From U-5 filing.

9. Electronic Copy of the firm's written supervisory procedures in place From May 15, 2008, through the date of Schmerman was terminated.

10. Copies of all forms signed by Schmerman documenting his attesting to being aware of and complying with applicable securities rules and regulations as well as the firm's compliance policies and procedures.

11. Copies of any other complaints against Mr. Schmerman received by the firm during the past two years and the firm's response to those complaints.

12. Any and all other data, documents and/or information the firm would want this office to review with respect to this matter.

Please be advised that a firm employing a registered representative with a history or pattern of investor complaints, disciplinary actions, and/or arbitrations must consider imposing heightened supervisory procedures and/or educational programs designed to address the issues raised by the history or pattern of any such registered representative (see *Notice to Members 97-19*).

Since this is a preliminary inquiry, it does not require reporting under Form U-4, Question 14G, regarding notice of investigations.

This request is being made pursuant to FINRA Rule 8210 which requires a member firm and persons associated (or formerly associated) with a member firm to provide information with respect to any matter involved in an investigation, complaint or proceeding. Your response must be received in this office no later than **April 16, 2010.**

While FINRA's investigations are conducted in a confidential and non-public manner, NASD/NYSE rules do not provide for the "confidential treatment" of documents or records in all circumstances. Accordingly, FINRA does not enter into any agreement with a member as to confidential treatment of documents or records produced during an investigation. As you may know, we are subject to SEC oversight and routinely grant the SEC access to such records or documents, if so requested. Also, FINRA may produce

such records or documents to a litigant in response to a subpoena, or to federal or state regulatory authorities or law enforcement agencies in response to a subpoena or a regulatory access request, or to another self regulatory organization in response to a regulatory access request. FINRA does not provide a member with any notification of the service of such a subpoena or access request. However, if an access request is granted the recipient has undertaken to treat the documents or records in the same confidential manner as FINRA does. These are the limited circumstances under which a third party could gain access to the documents or records you have produced.

If you have any questions, please contact the undersigned at 303-446-3100.

Sincerely,

Greg Walsh
Associate Principal Examiner

UNITED PLANNERS'
FINANCIAL SERVICES
OF AMERICA
A LIMITED PARTNERSHIP
7333 EAST DOUBLETREE RANCH ROAD, SUITE 120, SCOTTSDALE, ARIZONA 85258
TEL (480) 991-0225 FAX (480) 991-2714

April 14th, 2010

FINRA
Attn: Greg Walsh
4600 S. Syracuse St., Suite 1400
Denver, CO 80237-2719

Re: Examination [redacted]0460

Dear Mr. Walsh,

This letter is in response to your correspondence dated March 31st, 2010.

1. Enclosed is my written narrative of the internal investigation of Mr. Schmerman as well as copies of relevant documents. Please see **Exhibit A.**

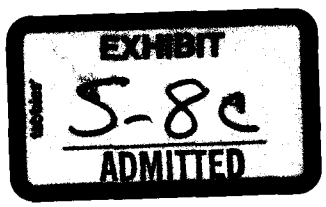
2. United Planners interviewed Mr. Schmerman on March 1st during the unannounced audit as well as during a meeting with senior management on March 4th. Mr. Schmerman denied any other active accounts similar to Ms. Aikens. A review of Mr. Schmerman's checkbook was conducted during the audit. Mr. Schmerman did not maintain a general ledger, so the review was limited to bank statements. United Planners did locate outgoing wires in the bank statements to Meridian Trust FCU-David Kallgren. David Kallgren was on file as a client. I called the Kallgren's and spoke to Leslie Kallgren (spouse) on March 8th. She indicated that they invested approximately $100,000 with Mr. Schmerman and they received their principal plus interest back about a year ago. She indicated that they no longer do business with Mr. Schmerman.

   As noted during our phone conversation, transactions such as "withdrawal made in a branch/store" and "deposit" did not have complete detail noted on the statement. With the information available to United Planners, we were unable to determine any other customers that were affected.

3. United Planners became aware of Ms. Aiken through the Charles Schwab Institutional Compliance Department. The documents that they forwarded to United Planners are enclosed as **Exhibit B.** Ms. Aiken was contacted on March 2nd. Ms. Aiken indicated that she was not upset. She did however indicate that she needed access to her funds since she was no longer employed. She said that Mr. Schmerman had promised her that her funds would be available on Friday March 5th. I spoke to Ms. Aiken on Thursday and provided her with a release document via email that afternoon. Ms. Aiken indicated that she would be in the area on Friday and we agreed that she would stop by with the release and pick up her check. United Planners issued a check to Ms. Aiken on March 5th for $12,784.15 which covered the remaining principal plus interest. This figure was provided by Mr. Schmerman in the March 4th meeting. Ms. Aiken did not sign the release document. United Planners did provide Ms. Aiken the settlement check without signing the release. Enclosed is a copy of the check and the unsigned release. Please see **Exhibit C.**

4. Ms. Elizabeth Aiken contact information is [redacted], AZ [redacted]

5. Enclosed are the emails provided by Ms. Aiken to and from Mr. Schmerman. Please see **Exhibit D.** Additionally, I am still gathering Mr. Schmerman's emails since his affiliation with United Planners through the firm provided email and will provide a CD once completed.



6. Mr. Schmerman's office location was audited three (3) times since his affiliation. Enclosed is a copy of each audit. Please see **Exhibit E.**

7. During the March 1st audit, United Planners request to see the file for Elizabeth Aiken (daughter) and Gloria Aiken (deceased mother). Mr. Schmerman maintained the enclosed documents for Elizabeth Aikens; however no document was located for Gloria. Please note that the documents were located during the March 1st audit and United Planners was not aware of Elizabeth or Gloria Aiken prior to February 26th. Please see **Exhibit F.**

8. United Planners determine that there were no accounts opened and funded through a bona fide custodian for Elizabeth or Gloria. I have included documents provided by Ms. Aiken and Mr. Schmerman that were created by Mr. Schmerman and noted the activity and balance of the Aiken account. Please see **Exhibit A.**

9. The WSP is being forward via email.

10. I have enclosed copies of Mr. Schmerrman's annual attestations. Please see **Exhibit G.**

11. United Planners has not received any other complaints regarding Mr. Schmerman.

12. As noted previously, United Planners became aware of this matter on Friday February 26th. An unannounced audit was conducted on Monday, March 1st. Mr. Schmerman was questioned further on March 4th. United Planners made Ms. Aiken whole on Friday, March 5th. At the conclusion of our investigation, United Planners terminated Mr. Schmerman for cause and file a disclosure filing, complaint filing, and noted Mr. Schmerman's Form U-5 on Wednesday, March 10th. Please note that this activity started prior to Mr. Schmerman's affiliation with United Planners.

Sincerely,

Doug Hall
Vice President, Chief Compliance Officer

Encl.
Cc: File

EXHIBIT

A

EXHIBIT
S-9
ADMITTED

Rick Schmerman – Elizabeth Aiken Matter

On Friday February 26th, I received a phone call from Michelle Thetford of Schwab Institutional (SI) Compliance. Michelle indicated that SI received correspondence on February 25th from Liz Aiken and that Ms. Aiken indicated that Mr. Schmerman ("Schmerman") was slow to provide her access to her account and was hoping to go directly to SI to access her funds. Ms. Thetford indicated that the service person informed Ms. Aiken that she opened an account with SI; however the account was never funded. Ms. Aiken then faxed the service person information that she had regarding her account. Ms Thetford provided me the documents which Ms. Aiken provided to SI (see Exhibit B).

On Monday March 1st, an unannounced audit of Mr. Schmerman's office location was conducted by Aaron Somers and me. Schmerman was not immediately at the office when we arrived. We interviewed his office staff (Amy Montaldo and Megan Smallwood) to determine if they had any information regarding accounts that were outside the normal custodian relationship. Both Aaron and I concluded that it appeared that they were not aware of or had access to information relating to this matter. It also appears that they have limited industry knowledge and did administrative tasks as they were told.

We requested Elizabeth Aiken's client file, Gloria Aiken's client file, all incoming and outgoing correspondence, and Schmerman's general ledger (bank statements) since joining United Planners. We also requested additional accounts for review. Shortly after we began, Schmerman returned to the office. He provided me with hard copies of bank statements and indicated that he did not use the computer regarding his financial records. I perform a review of the bank statements. Without a general ledger, the review was difficult to determine the nature of all transactions (ex. Withdrawal from Bank, Deposit). I then addressed Ms. Aiken concern directly with Schmerman. He indicated the following:

Ms. Aiken and her mother were friends of one of his larger clients (Joan and Walt Magen). According to Schmerman, the Magen's asked him to assist Gloria Aiken. Schmerman indicate that Gloria Aiken was concerned that she would "lose access" (AHCCCS Benefit from the State of AZ?) if the assets were in her name. Schmerman could not provide a clear explanation on the details of the arrangement and indicated that the arrangement occurred a while ago (5-6 years ago). He indicated that the original amount was $175,000 (which I confirmed with Liz Aiken). He also indicated that he forwarded the Aiken funds to a Michael Weinstein in Hallandale, FL (Miami Metro Area). Schmerman said that Weinstein was a friend of his father and that he invested the $175,000 in a money market fund/interest bearing account (he was very vague and indicated that he didn't know the registration of the account). Schmerman provided a phone number for Weinstein on Thursday (954-458-8059); however the number rang and there were no answer/no machine.

Schmerman went on to say that whenever Gloria or Liz Aiken needed funds, they would request what they needed and Schmerman would contact Mr. Weinstein and Mr. Weinstein would forward a check made out to Diversified Financial (Schmerman's DBA) and he would deposit the check into Schmerman's

Wells Fargo Account and then make a withdrawal in a form of a cashier's check and deposited directly into Ms. Aiken's Chase account.

I received "account statements" created by Schmerman (from both Schmerman and Aiken) that were provided by Schmerman to a Stephanie Bivens. *Note: According to Liz Aiken, Ms. Bivens is an elder law attorney that assists Liz Aiken with issues relating to her mother Gloria in 2008. In the documents provided by Liz Aiken via SI, a letter dated August 14th, 2008 from Schmerman to Bivens noted a gift of $117,204 from Gloria to Elizabeth. The letter indicates that the transfer was from Gloria's SI account (no account # given) to Elizabeth's SI account (#9811-6196).* Schmerman admitted that Gloria did not have a SI account and Liz Aiken's SI account was not funded. Our understanding is that the August 2008 letter was done because Ms. Biven's needed something to reflect the change of account registration.

As indicated earlier, Mr. Schmerman noted the reason for the account was so that Gloria did not lose "access"; however Schmerman was unable to provide a reasonable explanation on why it is was ok to forward the money back to Gloria (now Liz) if they were trying to avoid showing assets in their name. Schmerman could not remember the health issues regarding Gloria and noted he believed it was related to an accident; which contradicts the conversation with Liz Aiken who indicated the Gloria had Alzheimer's and that she had to go into assisted living. Liz indicated that they were doing a spend down and that the attorney requested information regarding this.

Schmerman noted that there was $12,500 remaining plus interest and Liz requested the money and he requested the money from Weinstein.

On March 2nd I received a voicemail from Kip at SI. I returned the call with Aaron Somers in my office. Kip was following up regarding the conversation that I had with Michelle on Friday. We were able to determine consistency in certain items relating to this matter during the conversation. Kip indicated that Liz Aiken noted she did receive her money from Schmerman, but recently there was a delay in service which is why she contacted SI. Kip confirmed that Ms. Aiken indicated the amount outstanding is $12,500. The loan was originally $175,000. The SI account was never funded. I told Kip that we conducted a surprise audit and were gathering all the facts and would continue to communicate with SI.

On March 2nd, I contacted Ms. Aiken by phone with Aaron Somers present. She was very nice and cooperative. She confirmed again that she was paid everything back except $12,500 and that Schmerman was to provide the remaining funds to her this Friday. She indicated that she had multiple emails from Schmerman requesting payment. She forwarded ten emails. She also indicated that there were "statements" that Schmerman provided and she would fax them to me. Ms. Aiken clarified that the original deposit of $175,000 in May of 2005 was in her mother's name and that the gifting issue was not addressed until August 2008.

On March 3rd, Kate Hapeman completed the audit started on Monday (Aaron and I ran out of time due to a lengthy interview).

On March 3rd, I spoke with Ms. Aiken to request additional documentation. She confirmed again that the pending amount was $12,500. She noted that she would fax the remaining documents to me this afternoon. I verified that her mother had Alzheimer's after the account was opened and that there was no gifting /Sr. Assistance issue until August of 2008. She noted that there were no documents signed by her or Gloria regarding the gifting. The only document is the one provided by Schmerman.

On Thursday March 4th, Schmerman came to the home office and met with Sr. Management at 9:30 AM. Numerous questions were asked. Schmerman indicated that there were no other active clients. Mr. Schmerman provided Weinstein's number and the total payoff figure for Aikens ($12, 784.15). I provided Ms. Aiken a release via email and she indicated that she would be in the area on Friday.

On Friday March 5th, United Planners issued a check to make Ms. Aiken whole. When she arrived she indicated that she had not signed the release. After a discussion, United Planners provided her the settlement check.

During the checkbook review, I notice wires to a David Kallgren who had a new account form on file. On Monday, March 8th, I called David Kallgren. Leslie Kallgren answered the phone. She indicated that they invested $100,000 with Schmerman; however received all of their money back about a year ago. She said that they are no longer clients.

On Wednesday, March 10th, United Planners terminated Schmerman's affiliation as noted on CRD.

UNITED PLANNERS'
FINANCIAL SERVICES
OF AMERICA
A LIMITED PARTNERSHIP

7333 EAST DOUBLETREE RANCH ROAD, SUITE 120, SCOTTSDALE, ARIZONA 85258
TEL (480) 991-0225 FAX (480) 991-2714

March 10, 2010

Richard M. Schmerman
[redacted]
[redacted], AZ[redacted]

Re: Affiliation with United Planners

Mr. Schmerman,

After conducting an internal review, United Planners has determined to termination your affiliation. Our findings note that you have commingled client funds with an account that you control. This is a violation of firm policy and NASD Conduct Rules. The termination is effective as of the date of this letter. United Planners has turned off access to all systems that you have to access United Planners information. Additionally, United Planners has notified Schwab Institutional that you are no longer associated with our advisory program.

Please note that you can no longer hold yourself out as affiliated with United Planners. This means that you must immediately remove United Planners from your voicemail and phone greeting. All business cards and letterhead that references United Planners must be forwarded to United Planners or destroyed. You are also required to return the United Planners plague to my attention.

If you have any questions, I will be available on Friday March 12th. Please contact me at (480) 991-0225.

Sincerely,

Doug Hall
Vice President, CCO

Cc: File

Dawn S. Easlon

From: TrackingUpdates@fedex.com
Sent: Friday, March 12, 2010 9:54 AM
To: dsmcmahon@unitedplanners.com
Subject: FedEx Shipment 793344676781 Delivered

Follow Up Flag: Follow up
Flag Status: Completed

This tracking update has been requested by:

Company Name: United Planners
Name: Dawn Easlon
E-mail: dsmcmahon@unitedplanners.com

Our records indicate that the following shipment has been delivered:

Ship (P/U) date:	Mar 11, 2010
Delivery date:	Mar 12, 2010 9:48 AM
Sign for by:	Signature not required
Delivered to:	Residence
Service type:	FedEx First Overnight
Packaging type:	FedEx Envelope
Number of pieces:	1
Weight:	0.50 lb.
Special handling/Services:	Residential Delivery Deliver Weekday

Tracking number: 793344676781

Shipper Information	Recipient Information
Dawn Easlon	Richard M. Schmerman
United Planners	[redacted]
7333 E. Doubletree Ranch Road	[redacted]
Suite 120	AZ
Scottsdale	US
AZ	[redacted]
US	
85258	

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Thank you for your business.

Doug Hall

From: Doug Hall [dhall@unitedplanners.com]
Sent: Sunday, March 07, 2010 11:27 AM
To: 'rmschmerman@unitedplanners.com'
Subject: Additional Information re: Aiken

Inquiry

Importance: High

Rick ,

I need the following items from you no later than Wednesday close of business. Please note that Ms. Aiken can refer to Gloria Aiken, Elizabeth Aiken or both).

1. any and all documents reflecting receipt of any and all funds from Ms. Aiken, which should total the $175k amount you referenced in our call;
2. any and all documents reflecting the transfer or payment by you to Mike Weinstein;
3. any and all requests for distributions by Ms. Aiken to you post receipt of the $175k by you;
4. any and all correspondence or requests for disbursements by you from Mike Weinstein;
5. any and all check, wire or other disbursements from Mike Weinstein back to you and/or Ms. Aiken;
6. all personal bank statements, wire docs and the like from you.
7. Any other items that are relative to Ms. Aiken or any transactions that are conducted outside of an approved custodian or relating to commingling assets (payments to or from) with clients.

We appreciate your cooperation into United Planners review of this matter.

Doug Hall, AIF®

Vice President - Chief Compliance Officer
United Planners' Financial Services of America
Phone (480) 991-0225
Fax (480) 503-8180
Email dhall@unitedplanners.com

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Richard M. Schmerman*, CFP®, ChFC
Tax Planning and Portfolio Management

Diversified Financial
5312 North 12th Street Suite 301
Phoenix, Arizona 85014

Phone (602) 224-6040
Fax (602) 266-5307

FAX

DATE March 10, 2010 NO. OF PAGES INCLUDING THIS ONE 3

TO: Doug Hall FROM: Rick Schmerman

FAX: 480-503-8180 PHONE: 602-224-6040

MESSAGE:

Confidential Information: This message and any attachments contain information from United Planners' Financial Services of America, which may be confidential and/or privileged and is intended for use only by the addressee(s) named on this transmission. If you are not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are notified that any review, copying, distribution or use of this transmission is strictly prohibited. If you have received this transmission in error, please (i) notify the sender immediately by e-mail or by telephone and (ii) destroy all copies of this message.

*Registered Principal Offering Securities and Advisory Services Through United Planners Financial Services of America, A limited Partnership Member FINRA, SIPC
Diversified Financial and United Planners are not affiliated.

DIVERSIFIED FINANCIAL

5312 North 12th Street Suite 301 Phoenix, Arizona 85014
(602) 224-6040 (602) 234-2495 Fax (602) 266-5307

Richard M. Schmerman*, CFP®, ChFC
Tax Planning and Portfolio Management*

March 10, 2010

United Planners Financial Services
Attn: Doug Hall
7333 East Doubletree Ranch Road
Suite 120
Scottsdale, Arizona 85258

Dear Doug,

These are our responses to your concerns.

1. Any or all documents reflecting receipt of any and all funds from Ms. Aiken, which should total the $175k amount you referenced in our call

   My Wells Fargo bank statement lists the $175,000.00 deposit which will be presented to you when available.

2. Any and all documents reflecting the transfer or payment by you to Mike Weinstein

   After going through the storage unit, I do not have any available documents reflecting the transfer or payments to Mike Weinstein.

3. Any and all requests for distributions by Ms. Aiken to you post receipt of the $175k by you

   I have contacted Wells Fargo to provide all checks paid to either Gloria Aiken - Bank One (Chase Bank) or Liz Aiken - Bank One (Chase Bank).

4. Any and all correspondence or requests for disbursements by you from Mike Weinstein

   All correspondence or requests for disbursements were done by telephone.

5. Any and all check, wire or other disbursements from Mike Weinstein back to you and/or Ms. Aiken

   I have contacted Wells Fargo to provide all checks paid to either Gloria Aiken - Bank One (Chase Bank) or Liz Aiken - Bank One (Chase Bank).

*Registered Principal Offering Securities and Advisory Services Through United Planners Financial Services of America, A Limited Partnership Member FINRA, SIPC
Diversified Financial and United Planners are not affiliated.

6. All personal bank statements, wire documents and the like from you

   I will provide the personal bank statements concerning this matter (when it becomes available) and the corresponding checks concerning this matter (when it becomes available).

7. Any other items that are relative to Ms. Aiken or any transactions that are conducted outside of an approved custodian or relating to commingling assets (payments to or from) with clients

   The other items that are relative to this matter are the account applications and correspondence already in the possession of United Planners.

Many of the checks that will be presented are in archives of Wells Fargo and this may take two – three weeks to receive the materials and then they will be provided to United Planners.

Sincerely,

Richard M. Schmerman

Viewed as of: Feb 26, 2010 02:30PM ET

SCHWAB INSTITUTIONAL

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| Balances | Positions | History | Profiles | Corporate Actions | Forms | Track | Reports | Move Money |

Master Account: [redacted]-8161 Go Account Number: or Name: Go (Last/Org Name) Switch to Account # Pulldown

Master Account: [redacted]-8161 Account Number: [redacted]-6196 Registration Type: Indiv

ELIZABETH IRENE AIKEN
[redacted]
[redacted] AZ

[redacted]-4588

Account Authorization and Preferences | eDelivery Enrollment and Status |

Please use Web Forms to update the account information

Account Details

Registration Type: Indiv
Account Established: [redacted]-2008

Account Holders and Contacts

Name	Role	Web Site Access	Email Address	
AIKEN, ELIZABETH	Individual	Yes	elizabeth.aiken@[redacted]	Edit
UNITED PLANNERS' FINL SVC OF AMERICA	Withdrawal Power Financial Advisor	N/A		

Account Contact Information

Account Address: [redacted]
City, State, Zip: [redacted] AZ [redacted]
Country: US

Account Preferences

Prime Broker Enabled:	No	**Enrolled in Schwab Bill Pay:**	No
MoneyLink Enabled:	No	**Client Check Writing:**	No
Margins Enabled:	No	**Cash Sweep Feature:**	Charles Schwab Bank Deposit Accounts[1]
Options Enabled:	No		

Electronic Products

Enrollment Instructions: Not Sent Send Enrollment Instructions

Product	Delivery Edit	Delivery Changed on	Send to	
Trade Confirmations	Paper		Account Address	
Shareholder Materials	Paper		Account Address	
Statements	Online	02/15/2010	elizabeth.aiken@cox.net	Edit

Report Preferences

Statement Format: Compact
Trade Confirms Format: Individual

Account Authorizations and Issuer Communications

Trading Authorization: Yes
Disbursement Authorization: Yes
Fee Payment Authorization: No

Issuer Communications Preferences

Type	Original	Informational Copy	Last Updated
Proxy Voting	Client	Advisor	12-03-2008
Corporate Actions	Client	Advisor	12-03-2008
Interim Mailings	Advisor	Client	12-03-2008

[1] Bank Deposit accounts are held at the above-referenced FDIC-insured bank. Securities products and services (including un-swept or intra-day cash, net

ACC007130
FILE#8145

credit or debit balances, and money market funds) offered by Charles Schwab & Co., Inc. (member SIPC) are not deposits or obligations of the above-referenced bank, are subject to investment risk, are not FDIC insured, may lose value, and are not bank guaranteed.

(0905-01546)

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ACC007131
FILE#8145

Viewed as of: Feb 26, 2010 02:30PM ET

Master Account: [redacted]-8161 Account Number: _____ or Name: Go Last/Org Name

Switch to Account # Pulldown

Master Account: [redacted]-8161 Account Number: [redacted]-6196
Registration Type: Indiv

ELIZABETH IRENE AIKEN
[redacted]
[redacted] AZ

Schwab Brokerage Account Balances

The market value of your securities, which is used to calculate balances, is based on quotes from the close of the previous business day.*

Total Account Value:	**$0.00**
Cash and Deposit Accounts	
Cash	$0.00
Charles Schwab Bank Deposit Accounts[1]	$0.00
Total:	**$0.00**
Securities	
Market Value Long	$0.00
Total:	**$0.00**
Funds Available	
Cash Available to Withdraw	$0.00

* Please see Schwab Institutional Web Site User Agreement for exceptions.

[1] Bank deposit accounts are held at the above-referenced FDIC-insured bank. Securities products and services (including un-swept or intra-day cash, net credit or debit balances, and money market funds) offered by Charles Schwab & Co., Inc. (member SIPC) are not deposits or obligations of the above-referenced bank, are subject to investment risk, are not FDIC insured, may lose value, and are not bank guaranteed. Bank deposit account balances do not include interest that has been accrued since the last interest payment was made to your account.

Brokerage Products: Not FDIC Insured • No Bank Guarantee • May Lose Value
(0700-00625)

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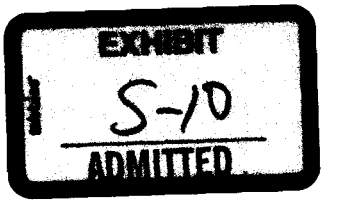
ACC007132
FILE#8145

EXHIBIT

B



charles SCHWAB

AS Compliance
4750 E. Francisco
Phoenix, AZ 85044

Facsimile Cover Sheet

To:	Doug Hall	**From:**	Michelle Thetford
Company/Dept:	United Planners	**Company/Dept:**	AS Compliance
Phone:		**Phone:**	
Fax:	480-503-8180	**Fax:**	602-977-5220
Date:	2/26/10		
# of Pages:	5		

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Charles Schwab & Co., Inc., Member: SIPC, and Other Principal Stock and Option Exchanges

FAX

Date: ~~January~~ Feb. 25, 2010
From: Elizabeth Aiken
[redacted]

To: Desha Grosphitoh

Re: Diversified Financial/Richard Schmerman
Charles Schwab Institutional Brokerage Account # [redacted]-6196

Included here are letters sent to my mother's Elder Law attorney, Biven's & Associates, confirming the establishment of the above referenced account and its balances and transfers over the past two years.

After 3 months of repeated requests (Dec. '09 – Feb. '10) to Mr. Schmerman to transfer my balance and close my account with him I called Schwab to see if there was anything I could do to expidite my request. I spoke to David Emanuel and he notified me that there was no balance and the account had never been funded. I then called Mr. Schmerman and he said that that was true and that this Schwab account was set up as an investment vehicle to purchase stocks but was never used. My confusion came from the fact that I never received documentation from Mr. Schmerman on the actual location or account number where my funds were held. Mr. Schmerman said the monies were held in a corporate account and that I should receive the final transfer by the end of next week.

I hope this information is helpful.

Thank you for your assistance.

Sincerely,

Elizabeth Aiken

Elizabeth Aiken
[redacted]
[redacted], AZ [redacted]

DIVERSIFIED FINANCIAL

DF 5312 North 12th Street Suite 301 Phoenix, Arizona 85014
(602) 224-6040 (602) 957-4845 Fax (602) 266-5307

Richard M. Schmerman*, CFP®, ChFC
Tax Planning and Portfolio Management*

August 14, 2008

Ms. Stephanie Bivens
Bivens & Associates P.L.L.C.
5020 East Shea Boulevard
Suite #210
Scottsdale, AZ 85254

Dear Ms. Bivens,

This is to acknowledge that as of August 14, 2008, Gloria I. Aiken has gifted $117,204 (corresponding value) from her Charles Schwab Institutional Brokerage Account to Elizabeth I. Aiken.

As of August 14, 2008, Elizabeth I. Aiken has established a Charles Schwab Institutional Brokerage Account in her name (Account Number #[redacted]-6196) for this $117,204 gifted amount.

Sincerely,

Richard M. Schmerman
RMS/dmc

*Registered Principal Offering Securities and Advisory Services Through United Planners Financial Services of America, A Limited Partnership Member FINRA, SIPC
Diversified Financial and United Planners are not affiliated.

DIVERSIFIED FINANCIAL

5312 North 12th Street Suite 301 Phoenix, Arizona 85014
(602) 224-6040 (602) 957-4845 Fax (602) 266-5307

Richard M. Schmerman*, CFP®, ChFC
Tax Planning and Portfolio Management*

June 10, 2009

Ms. Stephanie Bivens
Bivens & Associates P.L.L.C.
5020 East Shea Boulevard
Suite #210
Scottsdale, Arizona 85254

Dear Ms. Bivens,

This is to acknowledge that as of May 31, 2009, the value in the account of Elizabeth I. Aiken is $ 85,021.62.

From January 1, 2009 until May 31, 2009 the following transactions have occurred:

Balance	January 1, 2009	$ 104,786.37
Interest Payment	January 15, 2009	$ 154.56
Transfer to Bank One	January 28, 2009	$ (20,000.00)
Interest Payment	April 15, 2009	$ 80.69
Balance	May 31, 2009	$ 85,021.62

Sincerely,

Richard M. Schmerman
RMS/dmc

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DIVERSIFIED FINANCIAL

DF

5312 North 12th Street Suite 301 Phoenix, Arizona 85014
(602) 224-6040 (602) 957-4845 Fax (602) 266-5307

Richard M. Schmerman*, CFP®, ChFC
Tax Planning and Portfolio Management*

September 23, 2009

Ms. Stephanie Bivens
Bivens & Associates P.L.L.C.
5020 East Shea Boulevard
Suite #210
Scottsdale, Arizona 85254

Dear Ms. Bivens,

This is to acknowledge that as of September 15, 2009 the value in the account of Elizabeth I. Aiken is $ 77,589.64.

From January 1, 2009 until September 15, 2009 the following transactions have occurred:

Balance	January 1, 2009	$ 104,786.37
Interest Payment	January 15, 2009	$ 154.56
Transfer to Bank One	January 28, 2009	$ (20,000.00)
Interest Payment	April 15, 2009	$ 80.69
Interest Payment	July 15, 2009	$ 68.02
Transfer to Bank One	September 3, 2009	$ (7,500.00)
Balance	September 15, 2009	$ 77,589.64

Sincerely,

Richard M. Schmerman
RMS/aly

*Registered Principal Offering Securities and Advisory Services Through United Planners Financial Services of America, A Limited Partnership Member FINRA, SIPC
Diversified Financial and United Planners are not affiliated.

EXHIBIT

C

RELEASE AND SETTLEMENT AGREEMENT ("SETTLEMENT")

FOR AND IN CONSIDERATION of $12,784.15, payable by United Planners Financial Services of America ("United Planners") to Elizabeth Aiken to compensate for the remainder of funds handled by Richard Schmerman.

Elizabeth Aiken, individually and on behalf of her children, heirs, executors, beneficiaries, agents, employees, trust and assigns (hereinafter collectively referred to as "Releasor") does hereby fully release, acquit and forever discharge United Planners and Richard Schmerman, a Registered Representative of United Planners, and their respective predecessors, successors, officers, directors, attorneys, employees, agents, and representatives past, present, and future (hereinafter collectively referred to as "Releasee") (Releasor and Releasee hereinafter referred to as "the Parties"), from any and all suits, claims, causes of action, demands and liabilities which arise from or in any way relate to the funds handled by Mr. Schmerman.

Releasor covenants and agrees that she will not hereafter directly or indirectly commence or act to cause or encourage the commencement of any suit, at law or equity, or any arbitration, or any administrative, regulatory or self-regulatory investigation, complaint or proceeding relating to or based on any claim hereby released. Releasor agrees to maintain the confidentiality of this Agreement and prevent disclosure to anyone of the terms of this Agreement, unless required to make disclosure by lawful court process or regulatory agency.

Releasor has had an opportunity to read this Agreement and discuss it with an attorney or representative, if desired, and fully agrees to the terms hereof.

_____ _____

Elizabeth I. Aiken Dated

26963

UNITED PLANNER'S FINANCIAL SERVICES OF AMERICA
A LIMITED PARTNERSHIP
PH. 480-991-0225
7333 EAST DOUBLETREE RANCH ROAD, SUITE 120
SCOTTSDALE, AZ 85258

Wells Fargo Bank, N.A.
Scottsdale, AZ 85253

91-527-1221

CHECK NUMBER 26963

DATE 03/05/2010

PAY $ 12,784.15

* TWELVE THOUSAND SEVEN HUNDRED EIGHTY-FOUR AND 15 / 100 *

Security features. Details on back.

TO THE ORDER OF
Elizabeth I. Aiken
[redacted]
[redacted], AZ [redacted]

AUTHORIZED SIGNATURE

⑈026963⑈ ⑆122105278⑆ [redacted]01003⑈

Date	Invoice Number	Invoice Description	Account	Invoice Amount	Amount Paid
03/05/10	AIKEN100305	Settlement	1750.AAAA	$12,784.15	$12,784.15

ACC007269
FILE#8145

EXHIBIT

D

EXHIBIT
S-12
ADMITTED

ACC007270
FILE#8145

Doug Hall

From: elizabeth aiken [elizabeth.aiken@[redacted]
Sent: Tuesday, March 02, 2010 12:10 PM
To: dhall@unitedplanners.com
Subject: FW: transfer

This was the last email I sent, four weeks ago I have also not received any form of final statement.

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Monday, February 01, 2010 11:53 AM
To: 'dfinancial@aol.com'
Subject: FW: transfer

Rick,

I **STILL** have not received the final transfer. I really need to get that final account statement too.

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

Doug Hall

From: elizabeth aiken [elizabeth.aiken@[redacted]
Sent: Tuesday, March 02, 2010 12:09 PM
To: dhall@unitedplanners.com
Subject: FW: First set of money

From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Tuesday, January 26, 2010 11:34 AM
To: 'dfinancial@aol.com'
Subject: RE: First set of money

Can you send my a final account statement now, or do you have to wait till the final transfer?

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

From: dfinancial@aol.com [mailto:dfinancial@aol.com]
Sent: Friday, January 22, 2010 5:08 PM
To: elizabeth.aiken@[redacted]
Subject: First set of money

Hi Liz,

Thirty five thousand is going in on Saturday. Rest of balance will be within the next few days. Rick

Doug Hall

From: elizabeth aiken [elizabeth.aiken@[redacted]
Sent: Tuesday, March 02, 2010 12:09 PM
To: dhall@unitedplanners.com
Subject: FW: First set of money

From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Tuesday, January 26, 2010 10:26 AM
To: 'dfinancial@aol.com'
Subject: RE: First set of money

Rick,

I received the first transfer today.

Thanks,

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

From: dfinancial@aol.com [mailto:dfinancial@aol.com]
Sent: Friday, January 22, 2010 5:08 PM
To: elizabeth.aiken@[redacted]
Subject: First set of money

Hi Liz,

Thirty five thousand is going in on Saturday. Rest of balance will be within the next few days. Rick

ACC007273
FILE#8145

Doug Hall

From: elizabeth aiken [elizabeth.aiken@[redacted]
Sent: Tuesday, March 02, 2010 12:09 PM
To: dhall@unitedplanners.com
Subject: FW: transfer

From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Saturday, January 16, 2010 9:31 AM
To: 'dfinancial@aol.com'
Subject: RE: transfer

Promise? ☺

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

From: dfinancial@aol.com [mailto:dfinancial@aol.com]
Sent: Saturday, January 16, 2010 7:43 AM
To: elizabeth.aiken@[redacted]
Subject: Re: transfer

Hi, We should be seeing the monies sometime between Wednesday and Friday of next week. I will make you a statement this weekend for your balance. Thanks for your patience. Rick

-----Original Message-----
From: elizabeth aiken <elizabeth.aiken@[redacted]
To: dfinancial@aol.com
Sent: Fri, Jan 15, 2010 4:29 pm
Subject: RE: transfer

Rick,

I received no transfer at all this week.

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

From: dfinancial@aol.com [mailto:dfinancial@aol.com]
Sent: Thursday, January 07, 2010 10:04 AM
To: elizabeth.aiken@[redacted]
Subject: Re: transfer

Hi,

Received the e-mail. Will take care of the transfer. It will be starting right around Wednesday, but may be a couple of days later. I will keep you informed. Rick

-----Original Message-----
From: elizabeth aiken <elizabeth.aiken@[redacted]
To: dfinancial@aol.com
Sent: Thu, Jan 7, 2010 9:26 am
Subject: FW: transfer

Rick,

I have not heard from you, but I am assuming you have received the below email and that you will transfer my balance and write me up a final account statement by next Wed. Please confirm that you have received this email.

Liz Aiken
([redacted]
Elizabeth.Aiken@[redacted]

From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Wednesday, December 23, 2009 3:58 PM
To: 'dfinancial@aol.com'
Subject: transfer

Rick,

I'm really very concerned that I asked you to make a transfer on November 18th and I still have not received the total amount. I have to keep asking you again and again for these transfers and so I think it would be better if I closed my account with you and transfer the funds to an account I feel confident that I can access when needed.

Please create a final account statement and transfer that amount into my account by Jan. 13. Three weeks should be more than enough time to do this for me.

Thank you.

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

Doug Hall

From: elizabeth aiken [elizabeth.aiken@[redacted]
Sent: Tuesday, March 02, 2010 12:08 PM
To: dhall@unitedplanners.com
Subject: FW: transfer

From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Friday, January 15, 2010 4:30 PM
To: 'dfinancial@aol.com'
Subject: RE: transfer

Rick,

I received no transfer at all this week.

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

From: dfinancial@aol.com [mailto:dfinancial@aol.com]
Sent: Thursday, January 07, 2010 10:04 AM
To: elizabeth.aiken@[redacted]
Subject: Re: transfer

Hi,

Received the e-mail. Will take care of the transfer. It will be starting right around Wednesday, but may be a couple of days later. I will keep you informed. Rick

-----Original Message-----
From: elizabeth aiken <elizabeth.aiken@[redacted]
To: dfinancial@aol.com
Sent: Thu, Jan 7, 2010 9:26 am
Subject: FW: transfer

Rick,

I have not heard from you, but I am assuming you have received the below email and that you will transfer my balance and write me up a final account statement by next Wed. Please confirm that you have received this email.

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Wednesday, December 23, 2009 3:58 PM
To: 'dfinancial@aol.com'
Subject: transfer

Rick,

I'm really very concerned that I asked you to make a transfer on November 18th and I still have not received the total amount. I have to keep asking you again and again for these transfers and so I think it would be better if I closed my account with you and transfer the funds to an account I feel confident that I can access when needed.

Please create a final account statement and transfer that amount into my account by Jan. 13. Three weeks should be more than enough time to do this for me.

Thank you.

Liz Aiken

[redacted]
Elizabeth.Aiken@[redacted]

ACC007277
FILE#8145

Doug Hall

From: elizabeth aiken [elizabeth.aiken@[redacted]
Sent: Tuesday, March 02, 2010 12:08 PM
To: dhall@unitedplanners.com
Subject: FW: transfer

From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Thursday, January 07, 2010 9:26 AM
To: 'dfinancial@aol.com'
Subject: FW: transfer

Rick,

I have not heard from you, but I am assuming you have received the below email and that you will transfer my balance and write me up a final account statement by next Wed. Please confirm that you have received this email.

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Wednesday, December 23, 2009 3:58 PM
To: 'dfinancial@aol.com'
Subject: transfer

Rick,

I'm really very concerned that I asked you to make a transfer on November 18th and I still have not received the total amount. I have to keep asking you again and again for these transfers and so I think it would be better if I closed my account with you and transfer the funds to an account I feel confident that I can access when needed.

Please create a final account statement and transfer that amount into my account by Jan. 13. Three weeks should be more than enough time to do this for me.

Thank you.

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

Doug Hall

From: elizabeth aiken [elizabeth.aiken@[redacted]
Sent: Tuesday, March 02, 2010 12:08 PM
To: dhall@unitedplanners.com
Subject: FW: transfer

From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Wednesday, December 23, 2009 3:58 PM
To: 'dfinancial@aol.com'
Subject: transfer

Rick,

I'm really very concerned that I asked you to make a transfer on November 18th and I still have not received the total amount. I have to keep asking you again and again for these transfers and so I think it would be better if I closed my account with you and transfer the funds to an account I feel confident that I can access when needed.

Please create a final account statement and transfer that amount into my account by Jan. 13. Three weeks should be more than enough time to do this for me.

Thank you.

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

Doug Hall

From: elizabeth aiken [elizabeth.aiken@[redacted]
Sent: Tuesday, March 02, 2010 12:07 PM
To: dhall@unitedplanners.com
Subject: FW: Gloria Aiken

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Monday, December 14, 2009 8:46 AM
To: 'dfinancial@aol.com'
Subject: FW: Gloria Aiken

Rick,

I have received the first $15,000 but not the second. When will you be able to do that transfer?

Thanks,

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Wednesday, November 18, 2009 11:28 AM
To: 'DFinancial@aol.com'
Subject: Gloria Aiken

Rick,

Would it be possible for you to transfer $30,000 into my mother's account before Dec. 1st?

Thanks very much.

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

ACC007280
FILE#8145

Doug Hall

From: elizabeth aiken [elizabeth.aiken@[redacted]
Sent: Tuesday, March 02, 2010 12:06 PM
To: dhall@unitedplanners.com
Subject: FW: Gloria Aiken

-----Original Message-----
From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Monday, November 30, 2009 8:22 AM
To: 'dfinancial@aol.com'
Subject: RE: Gloria Aiken

Rick,

I have not seen the transfer yet. I'm hoping it still can happen by tomorrow. It's really important.

Thanks,
Liz

-----Original Message-----
From: dfinancial@aol.com [mailto:dfinancial@aol.com]
Sent: Wednesday, November 18, 2009 6:19 PM
To: elizabeth.aiken@[redacted]
Subject: Re: Gloria Aiken

Hi, We will take care of it. Rick

-----Original Message-----
From: elizabeth aiken <elizabeth.aiken@[redacted]
To: DFinancial@aol.com
Sent: Wed, Nov 18, 2009 11:28 am
Subject: Gloria Aiken

Rick,

Would it be possible for you to transfer $30,000 into my mother's account before Dec. 1st?

Thanks very much.

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

Doug Hall

From: elizabeth aiken [elizabeth.aiken@[redacted]
Sent: Tuesday, March 02, 2010 12:06 PM
To: dhall@unitedplanners.com
Subject: FW: Gloria Aiken

Mr. Hall,

Thank you very much for you call.

This is the beginning of the struggle I had with Mr. Schmerman to transfer funds. Other emails will follow.

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

From: elizabeth aiken [mailto:elizabeth.aiken@[redacted]
Sent: Wednesday, November 18, 2009 11:28 AM
To: 'DFinancial@aol.com'
Subject: Gloria Aiken

Rick,

Would it be possible for you to transfer $30,000 into my mother's account before Dec. 1st?

Thanks very much.

Liz Aiken
[redacted]
Elizabeth.Aiken@[redacted]

EXHIBIT

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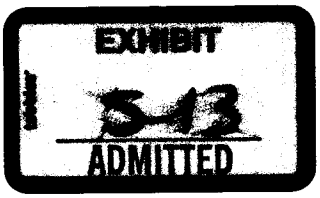


UNITED PLANNERS' FINANCIAL SERVICES OF AMERICA
A LIMITED PARTNERSHIP

7333 EAST DOUBLETREE RANCH ROAD, STE 120 SCOTTSDALE ARIZONA 85258
TEL: (480) 991-0225 FAX: (480) 503-8178

2010 Branch Office Examination

RICHARD SCHMERMAN
5312 N 12TH ST, STE 301
PHOENIX, AZ, 85014

Dear RICHARD:

Thank you for the assistance and courtesies extended during my review of your branch office on March 03, 2010. Please be advised that the following deficiencies were discovered during my review of your office.

Business Structure

Question :	Is it clear to the public who the FINRA member firm is?
Answer :	No
Suggested Action :	Please confirm that it is now clear to the public that securities are offered through United Planners Financial Services in your audit response letter.

Question :	Does the answering machine message include verbiage that instructs the client to not leave trade orders in their message since they can not be acted upon?
Answer :	No
Suggested Action :	As a best practice, your message should include verbiage so that clients do not leave trade orders on the answering machine.

Question :	Does the written disaster recovery program meet the basic elements required by FINRA for business continuity?
Answer :	No
Auditor's Notes:	There are numerous blanks in the recovery plan. The plan needs to be complete and needs to meet all of FINRA's minimum requirements.
Suggested Action :	Please review the May 2008 Compliance UPdate that references Business Continuity Plans and provide an updated Disaster Recovery Program that addresses all items with your audit response letter.

Question :	Does the office appear to be maintaining physical data security?
Answer :	No
Auditor's Notes:	There are numerous files that are on the floor or in binders and not in locked file cabinets. Also, a client statement was found in the trash. Mr. Schmerman stated that this is their typical policy since they don't have a shredder in the office. He stated that they, occasionally, place their shredding in a an uncontrolled third party's shred bin.
Suggested Action :	Each office must have procedures in place to safeguard non-public client information in order to comply with Regulation S-P (review the February 2009 Compliance Update). Please outline the changes made in office policy to comply with the regulation in your audit response letter.

Question : Does the office appear to be maintaining electronic data security?

Answer : No

Auditor's Notes: They aren't using an encryped email domain and don't have secure remote access.

Suggested Action : Each office must have procedures in place to safeguard non-public client information in order to comply with Regulation S-P (review the February 2009 Compliance Update). Please outline the changes made in your office policy to comply with the regulation in your audit response letter.

Question : List all outside business activities.

Answer : CPA work through Diversified
Statutory Agent - Acacia Mortgage, Eats & Treats
Clothing & Jewelry -EZ Clothing & Jewelry

Suggested Action :

Question : Is there any evidence of undisclosed outside business activities?

Answer : Yes

Auditor's Notes: An email to a Richard Mittman indicated a discussion on insurance.

Suggested Action : United Planners requires notification of all outside business activities to ensure that your U-4 is current as required by FINRA. Please update the Outside Business Activity Questionnaire for the new activity via RegEd and indicate that this issue is resolved in your audit response letter.

Advisor Front Office

Question : List how many outstanding AFO new account forms are "Active" and "Incomplete".

Answer : 30

Suggested Action : All new account forms must be entered into AFO. Accounts that are active must be completed and sent to the Broker Dealer in a timely manner. Please indicate the steps you have taken to update all outstanding AFO new account forms in your audit response letter.

Question : List how many exceptions are noted on the exception report.

Answer : 46

Suggested Action : The Eblotter exception report must be reviewed in a timely manner to ensure that exceptions are corrected and all transactions will be blottered. Please confirm that you have procedures in place to review and correct items that are on the Eblotter Exception Report in a timely manner in your audit response letter.

Checks and Certificates Received Log

Question : Does the office maintain a Checks and Certificates Received Log?

Answer : No

Auditor's Notes: Each office location is required to maintain a Checks and Certificates Recieved Log. Please indicate that you understand this procedure and are maintaining the United Planners Checks and Certificates Received Log in your audit response letter.

Suggested Action : Each office location is required to maintain a Checks and Certificates Received Log. All checks that are processed through the office are required to be recorded on this log. Please indicate that you understand this procedure and are maintaining a Checks and Certificates Received Log in your audit response letter.

Question : Are copies of clients' checks maintained with the Checks and Certificate Received Log?

Answer : No

Suggested Action : Copies of client checks received must be retained with the Checks and Certificates Received Log. Please indicate that going forward client investment check copies will be kept with the Checks and Certificates Received Log in your audit response letter.

Question : Are checks payable to the custodian?

Answer : No

Auditor's Notes: Unable to determine for the check copies that were in the log file.

Suggested Action : All checks must be payable to the specific Sponsor Company or Custodian. Please confirm that procedures are in place so that all checks are made out to the proper custodian in your audit response letter.

Question : Are acceptable forms of payments received?

Answer : No

Auditor's Notes: United Planners does not permit cash, money orders, third-party checks, and non-personal back checks as acceptable forms of payments. Cashiers checks uner $10,000 are also not considered acceptable payment. Please confirm that steps have been taken to only accept approved forms of payments in your audit response letter.

Suggested Action : United Planners does not permit cash, money orders, third-party checks, and non-personal bank checks as acceptable forms of payments. Cashiers checks under $10,000 are also not considered acceptable payment. Please confirm that steps have been taken to only accept approved forms of payments in your audit response letter.

Question : If the Check was not promptly forwarded, was it related to an initial variable annuity purchase?

Answer : No

Auditor's Notes: Client checks are required to be sent to the custodian no later than noon of the following business day from the date of receipt. Please confirm you have taken the necessary steps to ensure that customer checks are forwarded by noon the next business day to the apporpirate party in your audit response letter.

Suggested Action : Client checks are required to be sent to the custodian no later than noon of the following business day from the date of receipt. Please confirm you have taken the necessary steps to ensure that customer checks are forwarded by noon the next business day to the appropriate party in your audit response letter.

Complaint File

Question : Do all client complaints appear to have been adequately investigated and documented?

Answer : No

Auditor's Notes: The complaint from Elizabeth Aiken is new and the investigation process just started.

Suggested Action : All customer complaint documentation needs to be accurate and complete. Please confirm that the Complaint File has all the information regarding the customer complaint, including a copy of the complaint, all supporting documents, and all resolution documentation in your audit response letter.

Question : Are there any open customer complaints?

Answer : Yes

Suggested Action : List current status.

Correspondence Files

Question : Does the office maintain a centralized Incoming Correspondence File?

Answer : No

Suggested Action : The office did not maintain a centralized Incoming Correspondence File at the time of the audit. United Planners requires that all offices maintain a centralized Incoming Correspondence File. Please confirm that the centralized Incoming Correspondence File has been established in your audit response letter.

Question : Does the office maintain a centralized Outgoing Correspondence File?

Answer : No

Suggested Action : The office did not maintain a centralized Outgoing Correspondence File at the time of the audit. United Planners requires that all offices maintain a centralized Outgoing Correspondence File. Please confirm that the centralized Outgoing Correspondence File has been established in your audit response letter.

Question : Does the office have documented procedures for handling incoming mail, including OSJ review, checks, complaints and regulatory inquiries?

Answer : No

Suggested Action : Each office must design, document and implement incoming mail handling procedures, including procedures for handling checks, certificates, client complaints and correspondence from regulatory agencies. Please forward a copy of your incoming mail procedures with your audit response letter.

Question : Does the office have documented procedures for handling outgoing mail, including OSJ review, traceable mail for certificates and deadlines for forwarding checks?

Answer : No

Suggested Action : Each office must design, document and implement outgoing mail handling procedures, including OSJ review, use of traceable mail service for certificates, and deadlines for forwarding client checks to sponsor companies. Please forward a copy of your outgoing mail procedures with your audit response letter.

Question : Are all email received and sent from an United Planners provided email or an email address that is hosted by RedTail Technologies (United Planners' email service provider)?

Answer : No

Auditor's Notes: The representative has been using dfinancial@aol.com to communicate with securities clients.

Suggested Action : United Planners requires that all electronic correspondence be routed through our servers for review and record retention purposes. You must cease and desist using any outside email that is not hosted by RedTail Technologies and immediately route all email through an approved email account provided by United Planners or hosted by RedTail. Please document the steps take in your audit response letter.

Question : Are correspondence files maintained in chronological order?

Answer : No

Auditor's Notes: There were no items in the correspondence file. All items reviewed were items in client files or on his aol account.

Suggested Action : All correspondence files should be maintained in chronological order. Please confirm that correspondence files are now maintained in chronological order in your audit response letter.

Question : Is there evidence of undisclosed outside business activities?

Answer : Yes

Auditor's Notes: There was an email to Richard Mittman that indicated a discussion of insurance.

Suggested Action : All outside business activities must be disclosed to United Planners and approved prior to participation. Please confirm that you have submitted the outside business activity via RegEd in your audit response letter.

Question : Is there evidence of customer complaints?

Answer : Yes

Auditor's Notes: Upon review of undisclosed email account, discovered emails between Richard Schmerman and Elizabeth Aiken that indicated a problem with her Schwab account.

Suggested Action : United Planners requires that all customer complaints, whether verbal or in writing, be reported to United Planners Compliance Department immediately. Please forward all relevant information to the Compliance Department immediately.

Checking Account Information

Question : As reviewed, do accounts show indications of improper use of client funds?

Answer : Yes

Suggested Action : Registered Representatives are prohibited from taking custody of client funds. Please provide an explanation on the circumstances regarding this deficiency in your audit response letter.

Question : As reviewed, do accounts show indications of payments to a client for settlement of a complaint, rebating of commissions or any other purpose?

Answer : Yes

Suggested Action : United Planners prohibits representatives from making payments to clients for any purpose, including rebating client commissions or settling a complaint. Please provide an explanation on the circumstances regarding this deficiency in your audit response letter.

Question : Please describe any indications of payments to clients:

Answer : There were payments going to Elizabeth Aiken and David Kalligren.

Suggested Action :

Question : As reviewed, do accounts show indications of improper commission splits, rebates or other payments?

Answer : Yes

Auditor's Notes: There are payments to Elizabeth Aiken and David Kalligren from Diversified Financial, Richard Schmerman's DBA.

Suggested Action : Securities commissions can not be shared with any person who is not a Registered Representative or who is a Registered Representative associated with another broker-dealer without a prior written agreement between United Planners and the other broker-dealer. Please provide documentation for all activity where securities commissions were shared in your audit response letter.

Question : As reviewed, do accounts show indications of loaning to or borrowing from a client?

Answer : Yes

Auditor's Notes: There are payments to Elizabeth Aiken and David Kalligren from Diversified Financial, Richard Schmerman's DBA.

Suggested Action : Registered Representatives are prohibited from loaning to or borrowing money from a client. Please provide all information regarding this activity immediately to the Chief Compliance Officer.

Client File Review Barton and Michelle Brown

Question : Is the new account form completed in AFO?

Answer : No

Auditor's Notes: There is a Charles Schwab IA agreement in the file for this account, but the new account form states that it is a non IA account. There is no United Planners IA agreement on file.

Suggested Action : Accounts within Advisor Front Office are required to be reconciled to either "Complete" or "Sent to B/D" or closed. Please indicate the steps you have taken to complete this account in your audit response letter.

Question : Are all order tickets completed in full?

Answer : No

Auditor's Notes: There is no order ticket in the file.

Suggested Action : Offices are required to retain order tickets indicating the time the order was received, placed and executed. Please confirm that the office has procedures in place to retain order tickets with the appropriate information in your audit response letter.

Client Records

Question :	Do the client files appear to be well organized and maintained?
Answer :	No
Auditor's Notes:	There were numerous required documents missing from the files and many of the new account forms didn't have all required signatures.
Suggested Action :	All client files are required to be well organized and maintained. Please confirm that the necessary steps have been taken to ensure files are maintained in an organized manner in your audit response letter.

Question :	Do any of the client files contain pre-signed forms?
Answer :	Yes
Auditor's Notes:	There were signed forms in the file for James Woods authorizing IRA distributions from his Schwab IA account. the forms are dated 9/17/09. No other information on the form is filled out.
Suggested Action :	Representatives are prohibited from maintaining pre-signed forms. Please confirm that you have reviewed all of your clients' files and destroyed all pre-signed forms in your audit response letter.

Question :	Is there written approval from the Compliance Department to utilize the consolidated statement or third party software?
Answer :	No
Suggested Action :	All consolidated statement formats and software must be approved by the Compliance Department in writing prior to use. Please forward a copy of your consolidated statement with your audit response letter.

Question :	Do the consolidated statements contain the required disclosures?
Answer :	No
Suggested Action :	All consolidated statements must contain the required broker-dealer disclosures and performance disclaimers. Please add the proper disclosure and submit to the Compliance Department for approval with your audit response letter.

Firm IA General

Question :	Has the format for the financial plans been approved by the Compliance Department as advertising?
Answer :	No
Auditor's Notes:	There were numerous letters found in client files, indicating that they were being charged for a financial plan. There was no copy of a plan in any of their files.
Suggested Action :	Formats for financial plans are considered to be communications with the public and are required to be reviewed by the Compliance Department. Please submit your Financial Plan format for review with your audit response letter.

Question :	Is a copy of the client's original financial plan maintained, as per the Books and Records requirements?
Answer :	No
Suggested Action :	The IAR must maintain copies of all financial plans as given to the client (either hard copy or electronic copy in non-editable format). Please confirm that procedures are in place to maintain all financial plans for 5 years, 2 years on-site in accordance with record keeping requirements in your audit response letter.

Question :	Has the format for the consolidated statements been approved by the Compliance Department as advertising?
Answer :	No
Suggested Action :	Formats for consolidated statements are considered to be advertising and require approval by the Compliance Department. Please submit your consolidated statement for advertising review with your audit response letter.

Question : Are copies of the client's original consolidated statement maintained in the client file?

Answer : No

Suggested Action : The IAR must maintain copies of all consolidated statements as given to the client (either hard copy or electronic copy in non-editable format). Please confirm that procedures are in place to maintain all consolidated statements for 5 years, 2 years on-site, in accordance with record keeping requirements in your audit response letter.

Question : Does the IAR have custody of client assets, except for debiting advisory fees?

Answer : Yes

Auditor's Notes: It appears that Mrs. Aiken's funds, from an unknown source, are remitted through an account of Diversified Financial, Schmerman's DBA.

Suggested Action : Custody of client assets, other than the authorization to deduct fees from a client's account, is prohibited under United Planners policy. Please confirm that procedures are now in place to prohibit your location from having custody of your clients' assets in your audit response letter.

Firm IA Client File Review Joseph Miller

Question : Is there a completed new account form in AFO?

Answer : No

Auditor's Notes: There is a new account form in the file, but it's not signed by the rep of record.

Suggested Action : Each investment advisory client must have a completed AFO New Account Form on file. Please indicate that all missing New Account Forms are completed in AFO in your audit response letter.

Question : Is there a signed client service agreement on file for each account?

Answer : No

Auditor's Notes: There is an IA agreement, in file, signed by the client, but not signed by the rep of record.

Suggested Action : Investment Advisor Representatives are required to maintain copies of all client service agreements. Please obtain the missing client service agreements and forward with your audit response letter.

Question : Does the IAR maintain order tickets for all adviser-completed transactions?

Answer : No

Suggested Action : Investment Advisor Representatives are required to maintain completed Order Tickets showing all required transaction information for each transaction completed by an adviser. Please confirm that this procedure has been set in place in your audit response letter.

Firm IA Client File Review Elizabeth Aiken

Question : Is there a completed new account form in AFO?

Answer : No

Auditor's Notes: There is a new account form in the file, but it's not signed by the rep of record.

Suggested Action : Each investment advisory client must have a completed AFO New Account Form on file. Please indicate that all missing New Account Forms are completed in AFO in your audit response letter.

Question : Is there a signed client service agreement on file for each account?

Answer : No

Auditor's Notes: No United Planners service agreement was in the file.

Suggested Action : Investment Advisor Representatives are required to maintain copies of all client service agreements. Please obtain the missing client service agreements and forward with your audit response letter.

Question : Are fees collected in accordance with the client agreement?

Answer : No

Auditor's Notes: This couldn't be determined since no agreement was in the file.

Suggested Action : Investment Advisor Representatives must invoice clients in accordance with the terms of the client service agreement. Please provide documentation/support as to how any discrepancies were remediated with your audit response letter.

Question : Are services provided in accordance with the client agreement?

Answer : No

Auditor's Notes: This couldn't be determined since no agreement was in the file.

Suggested Action : Investment Advisor Representatives must meet all obligations that are disclosed in the client service agreement. Please provide documentation/support as to how any discrepancies were remediated with your audit response letter.

Question : Is there evidence the IAR meets with the client at least annually to review the client's portfolio? (Choose N/A if Financial Planning only client)

Answer : No

Suggested Action : Firm procedures require Investment Advisor Representatives to meet with clients at least annually to review and update suitability information, including investment objectives, financial status and risk tolerance and to document this review in the client's file. Please indicate how you will adhere to this requirement going forward in your audit response letter.

Question : Does the IAR maintain all confirmations for investment advisory transactions?

Answer : No

Auditor's Notes: The only forms in the file are the opening account documents.

Suggested Action : Investment Advisor Representatives are required to retain all confirmations. Please confirm that the necessary steps have been taken to ensure maintenance of client confirmations in your audit response letter.

Question : Does the IAR maintain all statements for investment advisory accounts?

Answer : No

Suggested Action : Investment Advisor Representatives are required to retain all statements. Please confirm that the necessary steps have been taken to ensure maintenance of all client statements in your audit response letter. Please note, reliance on sponsor company websites or other online vendors for access to client statements on an as-needed basis is not sufficient. Statements must be downloaded to ensure you meet books and records requirements.

Firm IA Client File Review Melvin Rothman

Question : Is there a completed new account form in AFO?

Answer : No

Auditor's Notes: The new account form hasn't been signed by the rep of record. Also, the form doesn't have the registration information filled out and there's no indication on the form that it's an IA account. The letter in the client file has a statement about billing the client for the account.

Suggested Action : Each investment advisory client must have a completed AFO New Account Form on file. Please indicate that all missing New Account Forms are completed in AFO in your audit response letter.

Question : Is there a signed client service agreement on file for each account?

Answer : No

Auditor's Notes: Rep of record has not signed the IA agreement, though the client has.

Suggested Action : Investment Advisor Representatives are required to maintain copies of all client service agreements. Please obtain the missing client service agreements and forward with your audit response letter.

Question : Are fees collected in accordance with the client agreement?

Answer : No

Auditor's Notes: A letter to the client in the file states he will be charged $19,015.00 for a financial planning fee, but no plan agreement is in the file.

Suggested Action : Investment Advisor Representatives must invoice clients in accordance with the terms of the client service agreement. Please provide documentation/support as to how any discrepancies were remediated with your audit response letter.

Question : Is there evidence the IAR meets with the client at least annually to review the client's portfolio? (Choose N/A if Financial Planning only client)

Answer : No

Suggested Action : Firm procedures require Investment Advisor Representatives to meet with clients at least annually to review and update suitability information, including investment objectives, financial status and risk tolerance and to document this review in the client's file. Please indicate how you will adhere to this requirement going forward in your audit response letter.

Question : Does the IAR maintain order tickets for all adviser-completed transactions?

Answer : No

Suggested Action : Investment Advisor Representatives are required to maintain completed Order Tickets showing all required transaction information for each transaction completed by an adviser. Please confirm that this procedure has been set in place in your audit response letter.

Firm IA Client File Review Rolf Vrla

Question : Is there a completed new account form in AFO?

Answer : No

Auditor's Notes: Only the front page of the new account form is in the file. The signature page is missing.

Suggested Action : Each investment advisory client must have a completed AFO New Account Form on file. Please indicate that all missing New Account Forms are completed in AFO in your audit response letter.

Question : Is there a signed client service agreement on file for each account?

Answer : No

Auditor's Notes: The new account form indicates that this is an IA account, but there is no IA agreement in the file.

Suggested Action : Investment Advisor Representatives are required to maintain copies of all client service agreements. Please obtain the missing client service agreements and forward with your audit response letter.

Question : Are fees collected in accordance with the client agreement?

Answer : No

Auditor's Notes: This couldn't be determined since no IA agreement was in the file.

Suggested Action : Investment Advisor Representatives must invoice clients in accordance with the terms of the client service agreement. Please provide documentation/support as to how any discrepancies were remediated with your audit response letter.

Question : Are services provided in accordance with the client agreement?

Answer : No

Auditor's Notes: This couldn't be determined since no IA agreement was in the file.

Suggested Action : Investment Advisor Representatives must meet all obligations that are disclosed in the client service agreement. Please provide documentation/support as to how any discrepancies were remediated with your audit response letter.

Firm IA Client File Review John Looman

Question : Is there a completed new account form in AFO?

Answer : No

Auditor's Notes: The new account form in the file has not been signed by the rep of record.

Suggested Action : Each investment advisory client must have a completed AFO New Account Form on file. Please indicate that all missing New Account Forms are completed in AFO in your audit response letter.

Question : Is there a signed client service agreement on file for each account?

Answer : No

Auditor's Notes: The service agreement in the file has not been signed by the rep of record.

Suggested Action : Investment Advisor Representatives are required to maintain copies of all client service agreements. Please obtain the missing client service agreements and forward with your audit response letter.

Question : Are fees collected in accordance with the client agreement?

Answer : No

Auditor's Notes: There is a letter in the client file stating that they will be a charged a financial planning fee of $2740, but no agreement for this is in file.

Suggested Action : Investment Advisor Representatives must invoice clients in accordance with the terms of the client service agreement. Please provide documentation/support as to how any discrepancies were remediated with your audit response letter.

Question : Does the IAR maintain order tickets for all adviser-completed transactions?

Answer : No

Suggested Action : Investment Advisor Representatives are required to maintain completed Order Tickets showing all required transaction information for each transaction completed by an adviser. Please confirm that this procedure has been set in place in your audit response letter.

Firm IA Client File Review Vrla Decendant Trust

Question : Is there a completed new account form in AFO?

Answer : No

Auditor's Notes: The new account form in the file hasn't been signed the rep of record.

Suggested Action : Each investment advisory client must have a completed AFO New Account Form on file. Please indicate that all missing New Account Forms are completed in AFO in your audit response letter.

Question : Is there a signed client service agreement on file for each account?

Answer : No

Auditor's Notes: The service agreement has been signed by the client, but not the rep of record.

Suggested Action : Investment Advisor Representatives are required to maintain copies of all client service agreements. Please obtain the missing client service agreements and forward with your audit response letter.

Question : Are fees collected in accordance with the client agreement?

Answer : No

Auditor's Notes: A letter in the file indicates that the client will be charged a one time fee of $5015 in November 2008 for tax, education, retirement planning and asset management. This constitutes a financial plan, but no planning agreeement is in the file.

Suggested Action : Investment Advisor Representatives must invoice clients in accordance with the terms of the client service agreement. Please provide documentation/support as to how any discrepancies were remediated with your audit response letter.

Question : Does the IAR maintain order tickets for all adviser-completed transactions?

Answer : No

Suggested Action : Investment Advisor Representatives are required to maintain completed Order Tickets showing all required transaction information for each transaction completed by an adviser. Please confirm that this procedure has been set in place in your audit response letter.

Firm IA Client File Review Barton and Michelle Brown

Question : Is there a completed new account form in AFO?

Answer : No

Auditor's Notes: These clients have six seperate account registrations, both IRAs for Barton and Michelle are IA accounts and have new account forms in the file that are complete, but not signed by the rep of record. Both Hayden and Nathaniel Brown have similar new account forms. There is no new account form in the file for Jacob Brown's RS investment, only a change of bd form.

Suggested Action : Each investment advisory client must have a completed AFO New Account Form on file. Please indicate that all missing New Account Forms are completed in AFO in your audit response letter.

Question : Is there a signed client service agreement on file for each account?

Answer : No

Auditor's Notes: Five new account forms indicate that they are IA accounts, but there is no service agreement on file for any of these accounts.

Suggested Action : Investment Advisor Representatives are required to maintain copies of all client service agreements. Please obtain the missing client service agreements and forward with your audit response letter.

Question : Are fees collected in accordance with the client agreement?

Answer : No

Auditor's Notes: This can't be determined since no agreement was in the file.

Suggested Action : Investment Advisor Representatives must invoice clients in accordance with the terms of the client service agreement. Please provide documentation/support as to how any discrepancies were remediated with your audit response letter.

Question : Are services provided in accordance with the client agreement?

Answer : No

Auditor's Notes: This can't be determined since no agreement was in the file.

Suggested Action : Investment Advisor Representatives must meet all obligations that are disclosed in the client service agreement. Please provide documentation/support as to how any discrepancies were remediated with your audit response letter.

Question : Does the IAR maintain order tickets for all adviser-completed transactions?

Answer : No

Suggested Action : Investment Advisor Representatives are required to maintain completed Order Tickets showing all required transaction information for each transaction completed by an adviser. Please confirm that this procedure has been set in place in your audit response letter.

Firm IA Client File Review Judith and Richard Rubin

Question : Is there a signed client service agreement on file for each account?

Answer : No

Auditor's Notes: These clients have three different IA accounts, but there is no agreement in the file for any of the accounts.

Suggested Action : Investment Advisor Representatives are required to maintain copies of all client service agreements. Please obtain the missing client service agreements and forward with your audit response letter.

Question : Are fees collected in accordance with the client agreement?

Answer : No

Auditor's Notes: This can't be determined since no IA agreement is on file.

Suggested Action : Investment Advisor Representatives must invoice clients in accordance with the terms of the client service agreement. Please provide documentation/support as to how any discrepancies were remediated with your audit response letter.

Question : Are services provided in accordance with the client agreement?

Answer : No

Auditor's Notes: This can't be determined since no IA agreement is on file.

Suggested Action : Investment Advisor Representatives must meet all obligations that are disclosed in the client service agreement. Please provide documentation/support as to how any discrepancies were remediated with your audit response letter.

Question : Does the IAR maintain order tickets for all adviser-completed transactions?

Answer : No

Suggested Action : Investment Advisor Representatives are required to maintain completed Order Tickets showing all required transaction information for each transaction completed by an adviser. Please confirm that this procedure has been set in place in your audit response letter.

Firm IA Client File Review Dominic and Mary Lou Sirignano

Question : Are fees collected in accordance with the client agreement?

Answer : No

Auditor's Notes: There is a letter in the file that indicates the client is being charged $845 in Nov of 2008 for financial planning, but no financial plan is in the file.

Suggested Action : Investment Advisor Representatives must invoice clients in accordance with the terms of the client service agreement. Please provide documentation/support as to how any discrepancies were remediated with your audit response letter.

Question : Does the IAR maintain order tickets for all adviser-completed transactions?

Answer : No

Suggested Action : Investment Advisor Representatives are required to maintain completed Order Tickets showing all required transaction information for each transaction completed by an adviser. Please confirm that this procedure has been set in place in your audit response letter.

Firm IA Client File Review Wendy Kallgren

Question : Are fees collected in accordance with the client agreement?

Answer : No

Auditor's Notes: There is a letter in the file stating that the client will be billed $895 for financial planning, but there is no planning agreement on file.

Suggested Action : Investment Advisor Representatives must invoice clients in accordance with the terms of the client service agreement. Please provide documentation/support as to how any discrepancies were remediated with your audit response letter.

Question : Does the IAR maintain order tickets for all adviser-completed transactions?

Answer : No

Suggested Action : Investment Advisor Representatives are required to maintain completed Order Tickets showing all required transaction information for each transaction completed by an adviser. Please confirm that this procedure has been set in place in your audit response letter.

Firm IA Client File Review Donna Stout

Question : Are fees collected in accordance with the client agreement?

Answer : No

Auditor's Notes: There is a letter in the client file stating that the client will be charged a financial plan fee of $3225 in Nov 08, but no plan agreement is in the file.

Suggested Action : Investment Advisor Representatives must invoice clients in accordance with the terms of the client service agreement. Please provide documentation/support as to how any discrepancies were remediated with your audit response letter.

Question : Does the IAR maintain order tickets for all adviser-completed transactions?

Answer : No

Suggested Action : Investment Advisor Representatives are required to maintain completed Order Tickets showing all required transaction information for each transaction completed by an adviser. Please confirm that this procedure has been set in place in your audit response letter.

Firm IA Client File Review Bonnie Reynolds

Question : Is there a completed new account form in AFO?

Answer : No

Auditor's Notes: No new account form is in the file.

Suggested Action : Each investment advisory client must have a completed AFO New Account Form on file. Please indicate that all missing New Account Forms are completed in AFO in your audit response letter.

Question : Is there a signed client service agreement on file for each account?

Answer : No

Auditor's Notes: No service agreement is in the file.

Suggested Action : Investment Advisor Representatives are required to maintain copies of all client service agreements. Please obtain the missing client service agreements and forward with your audit response letter.

Question : Are fees collected in accordance with the client agreement?

Answer : No

Auditor's Notes: This couldn't be determined since no service agreement was in the file.

Suggested Action : Investment Advisor Representatives must invoice clients in accordance with the terms of the client service agreement. Please provide documentation/support as to how any discrepancies were remediated with your audit response letter.

Question : Are services provided in accordance with the client agreement?

Answer : No

Auditor's Notes: This couldn't be determined since no service agreement was in the file.This couldn't be determined since no service agreement was in the file.

Suggested Action : Investment Advisor Representatives must meet all obligations that are disclosed in the client service agreement. Please provide documentation/support as to how any discrepancies were remediated with your audit response letter.

Question : Does the IAR maintain order tickets for all adviser-completed transactions?

Answer : No

Suggested Action : Investment Advisor Representatives are required to maintain completed Order Tickets showing all required transaction information for each transaction completed by an adviser. Please confirm that this procedure has been set in place in your audit response letter.

Firm IA Client File Review Robert Looman

Question : Is there a completed new account form in AFO?

Answer : No

Auditor's Notes: There was no new account form in the file.

Suggested Action : Each investment advisory client must have a completed AFO New Account Form on file. Please indicate that all missing New Account Forms are completed in AFO in your audit response letter.

Question : Is there a signed client service agreement on file for each account?

Answer : No

Auditor's Notes: There was no service agreement in the file.

Suggested Action : Investment Advisor Representatives are required to maintain copies of all client service agreements. Please obtain the missing client service agreements and forward with your audit response letter.

Question : Are fees collected in accordance with the client agreement?

Answer : No

Auditor's Notes: This couldn't be determined since no agreement was in the file.

Suggested Action : Investment Advisor Representatives must invoice clients in accordance with the terms of the client service agreement. Please provide documentation/support as to how any discrepancies were remediated with your audit response letter.

Question : Are services provided in accordance with the client agreement?

Answer : No

Auditor's Notes: This couldn't be determined since no agreement was in the file.

Suggested Action : Investment Advisor Representatives must meet all obligations that are disclosed in the client service agreement. Please provide documentation/support as to how any discrepancies were remediated with your audit response letter.

Question : Does the IAR maintain order tickets for all adviser-completed transactions?

Answer : No

Suggested Action : Investment Advisor Representatives are required to maintain completed Order Tickets showing all required transaction information for each transaction completed by an adviser. Please confirm that this procedure has been set in place in your audit response letter.

Firm IA Client File Review G Reiss Investments

Question : Is there a completed new account form in AFO?

Answer : No

Auditor's Notes: The only items in the file were four Fidelity statements, dated 9/05, 12/06, 3/08, and 9/08.

Suggested Action : Each investment advisory client must have a completed AFO New Account Form on file. Please indicate that all missing New Account Forms are completed in AFO in your audit response letter.

Question : Is there a signed client service agreement on file for each account?

Answer : No

Auditor's Notes: The only items in the file were four Fidelity statements, dated 9/05, 12/06, 3/08, and 9/08.

Suggested Action : Investment Advisor Representatives are required to maintain copies of all client service agreements. Please obtain the missing client service agreements and forward with your audit response letter.

Question : Are fees collected in accordance with the client agreement?

Answer : No

Auditor's Notes: This couldn't be determined since no service agreement was in the file.

Suggested Action : Investment Advisor Representatives must invoice clients in accordance with the terms of the client service agreement. Please provide documentation/support as to how any discrepancies were remediated with your audit response letter.

Question : Are services provided in accordance with the client agreement?

Answer : No

Auditor's Notes: This couldn't be determined since no service agreement was in the file.

Suggested Action : Investment Advisor Representatives must meet all obligations that are disclosed in the client service agreement. Please provide documentation/support as to how any discrepancies were remediated with your audit response letter.

Question : Is there evidence the IAR meets with the client at least annually to review the client's portfolio? (Choose N/A if Financial Planning only client)

Answer : No

Suggested Action : Firm procedures require Investment Advisor Representatives to meet with clients at least annually to review and update suitability information, including investment objectives, financial status and risk tolerance and to document this review in the client's file. Please indicate how you will adhere to this requirement going forward in your audit response letter.

Question : Does the IAR maintain order tickets for all adviser-completed transactions?

Answer : No

Suggested Action : Investment Advisor Representatives are required to maintain completed Order Tickets showing all required transaction information for each transaction completed by an adviser. Please confirm that this procedure has been set in place in your audit response letter.

Question : Does the IAR maintain all confirmations for investment advisory transactions?

Answer : No

Suggested Action : Investment Advisor Representatives are required to retain all confirmations. Please confirm that the necessary steps have been taken to ensure maintenance of client confirmations in your audit response letter.

Question : Does the IAR maintain all statements for investment advisory accounts?

Answer : No

Suggested Action : Investment Advisor Representatives are required to retain all statements. Please confirm that the necessary steps have been taken to ensure maintenance of all client statements in your audit response letter. Please note, reliance on sponsor company websites or other online vendors for access to client statements on an as-needed basis is not sufficient. Statements must be downloaded to ensure you meet books and records requirements.

Firm IA Client File Review James Stoddard

Question : Is there a completed new account form in AFO?

Answer : No

Auditor's Notes: The new account form in the file wasn't signed by the rep of record.

Suggested Action : Each investment advisory client must have a completed AFO New Account Form on file. Please indicate that all missing New Account Forms are completed in AFO in your audit response letter.

Question : Is there a signed client service agreement on file for each account?

Answer : No

Auditor's Notes: There was no service agreement on file for the accounts held at American, Franklin and DWS.

Suggested Action : Investment Advisor Representatives are required to maintain copies of all client service agreements. Please obtain the missing client service agreements and forward with your audit response letter.

Question : Are fees collected in accordance with the client agreement?

Answer : No

Auditor's Notes: This couldn't be determined since no agreement was in the file.

Suggested Action : Investment Advisor Representatives must invoice clients in accordance with the terms of the client service agreement. Please provide documentation/support as to how any discrepancies were remediated with your audit response letter.

Question : Are services provided in accordance with the client agreement?

Answer : No

Auditor's Notes: This couldn't be determined since no agreement was in the file.

Suggested Action : Investment Advisor Representatives must meet all obligations that are disclosed in the client service agreement. Please provide documentation/support as to how any discrepancies were remediated with your audit response letter.

Question : Is there evidence the IAR meets with the client at least annually to review the client's portfolio? (Choose N/A if Financial Planning only client)

Answer : No

Suggested Action : Firm procedures require Investment Advisor Representatives to meet with clients at least annually to review and update suitability information, including investment objectives, financial status and risk tolerance and to document this review in the client's file. Please indicate how you will adhere to this requirement going forward in your audit response letter.

Question : Does the IAR maintain order tickets for all adviser-completed transactions?

Answer : No

Suggested Action : Investment Advisor Representatives are required to maintain completed Order Tickets showing all required transaction information for each transaction completed by an adviser. Please confirm that this procedure has been set in place in your audit response letter.

Firm IA Client File Review Sally Stanley

Question : Is there a completed new account form in AFO?

Answer : No

Suggested Action : Each investment advisory client must have a completed AFO New Account Form on file. Please indicate that all missing New Account Forms are completed in AFO in your audit response letter.

Question : Is there a signed client service agreement on file for each account?

Answer : No

Auditor's Notes: There was no service agreement in the file.

Suggested Action : Investment Advisor Representatives are required to maintain copies of all client service agreements. Please obtain the missing client service agreements and forward with your audit response letter.

Question : Are fees collected in accordance with the client agreement?

Answer : No

Auditor's Notes: This couldn't be determined since no agreement was in the file.

Suggested Action : Investment Advisor Representatives must invoice clients in accordance with the terms of the client service agreement. Please provide documentation/support as to how any discrepancies were remediated with your audit response letter.

Question : Are services provided in accordance with the client agreement?

Answer : No

Auditor's Notes: This couldn't be determined since no agreement was in the file.

Suggested Action : Investment Advisor Representatives must meet all obligations that are disclosed in the client service agreement. Please provide documentation/support as to how any discrepancies were remediated with your audit response letter.

Question : Is there evidence the IAR meets with the client at least annually to review the client's portfolio? (Choose N/A if Financial Planning only client)

Answer : No

Suggested Action : Firm procedures require Investment Advisor Representatives to meet with clients at least annually to review and update suitability information, including investment objectives, financial status and risk tolerance and to document this review in the client's file. Please indicate how you will adhere to this requirement going forward in your audit response letter.

Question : Does the IAR maintain order tickets for all adviser-completed transactions?

Answer : No

Suggested Action : Investment Advisor Representatives are required to maintain completed Order Tickets showing all required transaction information for each transaction completed by an adviser. Please confirm that this procedure has been set in place in your audit response letter.

Additional Audit Finding Elizabeth Aiken

Question : List any findings that were found that are not covered in the audit questions.

Answer : Elizabeth Aikent - Mr. Schmerman was given a check for $175,000 of Mrs. Aiken's funs that were moved to an unkown account in Florida. No custodial statements or other account documents are in file.

Suggested Action : Please respond to each audit finding in your audit response letter.

Unresolved Deficiencies

Question : Does the office have any unresolved deficiencies from previous home office audits?

Answer : Yes

Suggested Action : All previous deficiencies must be corrected within 30 days. Please state the status of all repeat deficiencies in your audit response letter.

Question : Please list the unresolved deficiencies.

Answer : Answering Maching - The answering machine message doesn't include verbiage instructing clients not to leave trade instructions.

Checks & Securities Log - Each office location is required to maintain a Checks and Certificates Recieved Log. Please indicate that you understand this procedure and are maintaining the United Planners Checks and Certificates Received Log in your audit response letter.

Correspondence Procedures - There are still no written procedures for incoming or outgoing mail handling.

Suggested Action :

Please review the above findings and provide me with a written response on your letterhead by March 24, 2010 acknowledging each item and outlining the steps taken to ensure future observance and compliance with United Planners' policies and procedures. Responses received after the noted due date will be subject to a fine.

Enclosed you will find a full report of your 2010 Branch Office Examination. Please maintain a copy of this audit, the remediation letter and your response in your Branch Office Audit File.

Sincerely,

KATHERINE HAPEMAN
Compliance Analyst

Reviewing Officer

Aaron Somers
AVP - Compliance

UNITED PLANNERS' FINANCIAL SERVICES OF AMERICA
A LIMITED PARTNERSHIP

7333 EAST DOUBLETREE RANCH ROAD, STE 120 SCOTTSDALE ARIZONA 85258
TEL: (480) 991-0225 FAX: (480) 503-8178

December 7, 2009

2009 Branch Office Examination

RICHARD SCHMERMAN
5312 N 12TH ST, STE 301
PHOENIX, AZ, 85014

Dear RICHARD:

Thank you for the assistance and courtesies extended during my review of your branch office on November 23, 2009. Please be advised that the following deficiencies were discovered during my review of your office.

Business Structure

Question: Does the answering machine message include verbiage that instructs the client to not leave trade orders in their message since they can not be acted upon?

Answer: No

Suggested Action: As a best practice, your message should include verbiage so that clients do not leave trade orders on the answering machine.

Advisor Front Office

Question: List how many exceptions are noted on the exception report.

Answer: 27

Auditor's Notes: As of 12/7/2009.

Suggested Action: The Eblotter exception report must be reviewed in a timely manner to ensure that exceptions are corrected and all transactions will be blottered. Please confirm that you have procedures in place to review and correct items that are on the Eblotter Exception Report in a timely manner in your audit response letter.

Checks and Certificates Received Log

Question: Are copies of clients' checks maintained with the Checks and Certificate Received Log?

Answer: No

Auditor's Notes: Going forward please keep copies of checks with check log.

Suggested Action: Copies of client checks received must be retained with the Checks and Certificates Received Log. Please indicate that going forward client investment check copies will be kept with the Checks and Certificates Received Log in your audit response letter.

Correspondence Files

Question :	Does the office have documented procedures for handling incoming mail?
Answer :	No
Auditor's Notes:	Sent sample instructions on 12/7/2009.
Suggested Action :	Each office must design, document and implement incoming mail handling procedures, including procedures for handling checks, certificates, client complaints and correspondence from regulatory agencies. Please forward a copy of your incoming mail procedures with your audit response letter.

Question :	Does the office have documented procedures for handling outgoing mail?
Answer :	No
Auditor's Notes:	Sent sample instructions on 12/7/2009.
Suggested Action :	Each office must design, document and implement outgoing mail handling procedures, including OSJ review, use of traceable mail service for certificates, and deadlines for forwarding client checks to sponsor companies. Please forward a copy of your outgoing mail procedures with your audit response letter.

Additional Audit Finding Firm Element Continuing Education

Question :	List any findings that were found that are not covered in the audit questions.
Answer :	Richard and Troy need to complete Compliance Questionnaires and Firm Element Continuing Education (deadline to complete these was November 30, 2009).
Suggested Action :	Please respond to each audit finding in your audit response letter.

Please review the above findings and provide me with a written response on your letterhead by December 28, 2009 acknowledging each item and outlining the steps taken to ensure future observance and compliance with United Planners' policies and procedures. Responses received after the noted due date will be subject to a fine.

Enclosed you will find a full report of your 2009 Branch Office Examination. Please maintain a copy of this audit, the remediation letter and your response in your Branch Office Audit File.

Sincerely,

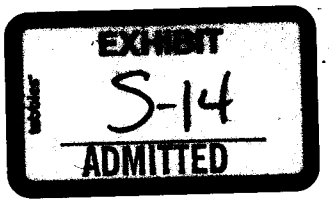
Debbie Gibson
Compliance Analyst

Reviewing Officer

Aaron Somers
AVP - Compliance

EXHIBIT

F



UNITED PLANNERS
FINANCIAL SERVICES OF AMERICA
7333 E. Doubletree Ranch Rd
Suite 120
Scottsdale, AZ 85258
(480) 991-0225

New Account Form

DATE:

UNITED PLANNERS ACCOUNT NUMBER _____ IS THIS A PERSHING ACCOUNT? [ ] Y [ ] N PERSHING ACCOUNT NUMBER _____

IS THIS AN INVESTMENT ADVISORY ACCOUNT? [X] FIRM [ ] INDEPENDENT [ ] NO

TYPE OF REGISTRATION– Please check only one and circle registration type

[ ] INDIVIDUAL ACCOUNT	[ ] INVESTMENT CLUB* (Supply Investment Club Agreement)	[ ] CHARITABLE ORGANIZATION* (Resolution)	[ ] 403B/401K/TSA/SIMPLE*	[ ] GUARDIANSHIP & CONSERVATOR*
[ ] JOINT TENANTS WITH RIGHT OF SURVIVORSHIP	[ ] IRA/SAR/SEP ACCT/SEP*	[ ] ESTATE* (Supply Papers)	[ ] PENSION/PROFIT SHARING*	[ ] COLLEGE SAVINGS PLAN - 529*
[ ] TENANTS IN COMMON/ ENTIRETY/ COMMUNITY PROPERTY	[ ] PARTNERSHIP* (Supply Agreement)	[ ] CORPORATION* (Supply Resolution)	[ ] ROTH IRA*	[ ] NON-PROFIT ORGANIZATION*
[ ] CUSTODIAN* (UGMA/UTMA)	[ ] TRUST* (Supply Agreement)	[ ] SOLE PROPRETOR*	[ ] CUSTODIAN*	[ ] EDUCATION/ COVERDELL IRA*
[ ] QUALIFIED PLAN LEVEL* (Organization)	[ ] QUALIFIED PLAN LEVEL* (Participant)	[ ] SOLE & SEPARATE	[ ] NON-PROFIT*	

* ADDITIONAL DOCUMENTS MAY BE REQUIRED

ACCOUNT NAME – ADDRESS

ACCOUNT NAME: Elizabeth Aiken	MARITAL STATUS: [X] SINGLE [ ] MARRIED	SOC. SEC. OR TAX I.D. NO. [redacted]
JOINT TENANT NAME OR NAME OF MINOR IF CUSTODIAL ACCOUNT (PLEASE INDICATE)	[ ] JOINT TENANT [ ] MINOR	MINOR'S/JOINT TENANT SOC. SEC. NO.
INDIVIDUAL(S) AUTHORIZED TO TRANSACT BUSINESS	IF YOU OR ANY ACCOUNT OWNER ARE AFFILIATED WITH OR WORK FOR A MEMBER OF A STOCK EXCHANGE, THE FINANCIAL INDUSTRY REGULATORY AUTHORITY, A BANK, TRUST COMPANY, OR INSURANCE COMPANY COMPANY. NAME OF FIRM	
HOME TELEPHONE NO. [redacted] BUSINESS TELEPHONE NO.	IF YOU ARE A DIRECTOR, A 10% SHAREHOLDER, OR A POLICY-MAKING EXECUTIVE OFFICER OF A PUBLICLY TRADED COMPANY. NAME OF CO. I PROMISE TO NOTIFY YOU OF ANY CHANGE	
MAILING ADDRESS [redacted]	CITY [redacted]	STATE AZ / ZIP CODE [redacted]
LEGAL ADDRESS (IF DIFFERENT)	CITY	STATE / ZIP CODE
RESIDENT STATE [ ] is account of age in state of residence [ ] Yes [ ] No	Birthdate (minor's if custodial) Joint Tenant Birthdate	[ ] U.S. CITIZEN [ ] OTHER (Specify)
EMPLOYER: Planned Parenthood AZ / EMPLOYER ADDRESS: 5651 N. 7th St.	EMPLOYER - JOINT PARTY	EMPLOYER ADDRESS
TYPE OF BUSINESS: Healthcare / POSITION: Fundraiser / YEARS EMPLOYED: 2	TYPE OF BUSINESS / POSITION	YEARS EMPLOYED

IDENTIFICATION

PRIMARY ACCOUNT OWNER'S ID INFORMATION	SECONDARY ACCOUNT OWNER'S ID INFORMATION
[X] U.S. DRIVERS LICENSE [ ] PASSPORT [ ] GOVERNMENT ISSUED ID	[ ] U.S. DRIVERS LICENSE [ ] PASSPORT [ ] GOVERNMENT ISSUED ID
NUMBER [redacted]	NUMBER
PLACE OF ISSUANCE AZ	PLACE OF ISSUANCE
DATE ISSUED 9/4/03 DATE EXPIRES 9/5/2026	DATE ISSUED / DATE EXPIRES

CLIENT FINANCIAL INFORMATION

NAME OF BANK – TYPE OF ACCOUNT	APPROX. ANNUAL INCOME	NET WORTH	TAX BRACKET	LIQUID ASSETS	POWER OF ATTORNEY (INCLUDE COPY)
Chase - Checking	$70,000	$400,000	25%	$3000	NO [ ] LIMITED [ ] FULL [ ]

GENERAL ACCOUNT INFORMATION

INVESTMENT OBJECTIVES	INVESTMENT EXPERIENCE	HOW WAS ACCOUNT ACQUIRED
[X] GROWTH [ ] INCOME	[X] NONE (CDs Savings) [ ] MODERATE (Equities, Bonds)	[X] Known Personally [ ] Referral [ ] Walk-In
[ ] GROWTH & INCOME	[ ] LIMITED (M.F., Ltd. Equities) [ ] EXPERIENCED (All Products)	[ ] Solicited [ ] Other
EMPLOYEE OF THIS B/D: [ ] YES [X] NO	RELATED TO EMPLOYEE OF THIS B/D: [ ] YES [X] NO	How Long Have You Known Account? 10 YEARS [ ]
EMPLOYEE OF ANOTHER B/D: [ ] YES [X] NO	RELATED TO EMPLOYEE OF ANOTHER B/D: [ ] YES [X] NO	

PERSHING ACCOUNT INFORMATION

WHEN SECURITIES ARE SOLD:	WHEN SECURITIES ARE PURCHASED:	WHEN DIVIDENDS ARE RECEIVED:
HOLD FUNDS [ ] ISSUE CHECK [ ]	HOLD CERTIFICATES [ ] SEND CERTIFICATES TO ME FEE MAY APPLY [ ]	HOLD FUNDS [ ] ISSUE CHECK [ ]
SWEEP FREE CREDIT BALANCES TO MONEY FUND Yes [ ] No [ ]	MONEY MARKET:	PERSHING LLC Retirement Accounts default to PGA

INCOMPLETE IF PRESENTED WITHOUT ACCOMPANYING ACCOUNT SIGNATURE PAGE

ACCOUNT AGREEMENT

1. Provisions in the event of Failure to Pay or Deliver
Whenever the undersigned does not, on or before the settlement date, pay in full for any security purchased for the account of the undersigned, or deliver any security sold for such account, you are authorized (subject to the provisions of any applicable statute,rule or regulation).

(a) Until payment or delivery is made in full, to pledge, repledge, hypothecate or rehypothecate, without notice, any or all securities which you may hold for the undersigned (either individually or jointly with others), separately or in common with other securities or commodities or any other property, for the sum then due or for a greater or lesser sum and without retaining in your possession and control for delivery a like amount of similar securities, and/or

(b) To sell any or all securities you may hold for the undersigned (either individually or jointly with others), or to buy in any or all securities required to make delivery for the account of the undersigned, o r to cancel any or all outstanding orders or commitments for the account o f the undersigned.

2. Cancellation Provisions
You are authorized, in your discretion, should the undersigned die, or should you for any reason whatever deem it necessary for yourprotection, without notice, to cancel any outstanding orders in order to close out the accounts of the undersigned, in whole or in part, or to close out any commitment made on behalf of the undersigned.

3. General Provisions
Any sale, purchase or cancellation authorized hereb y may be made according to your judgment and at your discretion on the exchange or other market where such business is then usually transacted, or at public auction, or at private sale without advertising the same and without any notice, prior tender, demand or call, and you may purchase the whole or any part of such securities free from any right of redemption, and the undersigned shall remain liable for any deficiency. It is further understood that any notice, prior tender, demand or call from you shall not be considered a waiver of any provision of this agreement. The undersigned shall include any person executing this agreement on the front thereof. "You" shall include the bank, broker or other financial institution, which opened the account of the undersigned.You are authorized to sell securities to cover any debit balance resulting from ancillary fees charged .

4. Successors
This agreement and its provisions shall be continuo us, and shall insure to the benefit of your present organization, and any successor organization or assigns, and shall be binding upon the undersigned and/or the estate, executors, administrators and assigns of the undersigned.

5. Age
The undersigned, if an individual, represents that he or she is of full age.

6. Interest in Account
No one except the undersigned has an interest in any of its accounts with you unless such interest is revealed in the title of su ch account and in any case the undersigned has the interest indicated in such title.

7. Orders and Statements
Reports of the execution of orders and statements of the account of the undersigned shall be conclusive if not objected to in writing, the former within two days and the latter within ten days, after forwarding by you to the undersigned by mail or otherwise.

8. Force Majeure
You shall not be liable for loss or delay caused directly or indirectly by war, natural disasters, government restrictions, exchange or market rulings or other conditions beyond your control.

9. Joint Accounts
If this is a joint account, unless we notify you otherwise and provide such documentation as you require, the brokerage account(s) shall be held by us jointly with rights of survivorship (payable to eit her or the survivor of us). Each joint tenant irrevocably appoints the other as attorney-in-fact to take all action on his or her behalf and to represent him or her in all respects in connection with this Agreement. You shall be fully protected in acting, but shall not be required to act upon the instructions of either of us. Each of us shall be liable, jointly and individually, for any amounts due to you pursuant to this Agreement, whether incurred by either or both of us.

10. Address
Communications may be sent to the undersigned at the current address of the undersigned which is on file at your office, or at such other address as the undersigned may hereafter give you. All communications so sent, whether by mail, telegraph, messenger or otherwise, shall be deemed given to the undersigned personally, whether actually received or not.

11. Recording Conversations
The undersigned understands and agrees that for our mutual protection you may electronically record any of our telephone conversa tions.

PATRIOT ACT DISCLOSURE - To help the government fight the funding of terrorism and money laundering activities, federal law re quires financial institutions to obtain, verify and record information that identifi es each person who opens an account. This information will be used to verify your identity prior to opening this account.

ARBITRATION AGREEMENT

This agreement contains a predispute arbitration clause. By signing an arbitration agreement the parti es agree as follows:

A. 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.
B. Arbitration awards are generally final and binding: a party's ability to have a court reverse or modify an arbitration award is very limited.
C. The ability of the parties to obtain documents, wit ness statements and other discovery is generally more limited in arbitration than in court proceedings.
D. The arbitrators do not have to explain the reason(s) for their award.
E. The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.
F. 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.
G. The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.

If a customer files a complaint in court against a member that contains claims that are subject to arbitration pursuant to a predispute arbitration agreement between the member and the customer, the member may seek to compel arbitration of the claims that are subject to arbitration. If the member seeks to compel arbitration of such claims, the member must agree to arbitrate all of the claims contained in the complaint if the customer so requests.

No person shall bring a putative or certified classaction to arbitration, nor seek to enforce any predispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class action 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 extent stated herein.

THIS IS A PRE-DISPUTE ARBITRATION AGREEMENT. READ CAREFULLY AND UNDERSTAND YOUR RIGHTS UNDER THIS AGREEMENT

CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER W9 SSN/TAX ID: [redacted]

Under penalties of perjury, I certify:

1. The number shown on this form is my correct taxpa yer identification number (or I am waiting for a number to be issued to me) and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. Citizen or other U.S. Person

IMPORTANT: You must CROSS OUT paragraph (2) above IF it is not correct.

This is a 2 page document. The undersigned has/have carefully read this page, which includes the predispute arbitration clause, and the reverse and agrees to the information disclosed by the undersigned, and to the terms and conditions contained herein. Further, the undersigned agrees to notify UPFSA or their Representative in writing of any changes to the information reported on this New Account Form. The undersigned acknowledges that they have obtained a copy of the Arbitration Agreement from their Representative at the time of signing

X [signature] 11/17/08 X

SIGNATURE OF PRIMARY INVESTOR | DATE | SIGNATURE OF JOINT TENANT | DATE

REP SIGNATURE | DATE | BRANCH OFFICE/OSJ PRINCIPAL | DATE

REP NUMBER

DIVERSIFIED FINANCIAL

5312 North 12th Street Suite 301 Phoenix, Arizona 85014
(602) 224-6040 (602) 957-4845 Fax (602) 266-5307

Richard M. Schmerman*, CFP®, ChFC
Tax Planning and Portfolio Management*

November 1, 2008

Elizabeth Aiken
[redacted]
[redacted] Arizona [redacted]

Re. Provision of Investment Management Services

Dear Liz,

It is my pleasure to serve as your Investment Advisor. As always, my highest priority is to provide you with the best investment services possible. To meet this goal, I maintain licenses as an Investment Advisor Representative with a Registered Investment Advisor ("RIA") and as a Registered Representative with a licensed Securities Brokerage Firm ("Brokerage Firm"). I have recently determined that I will be better able to serve you by changing my affiliations from Mutual Service Corporation, my prior RIA and Brokerage Firm, to United Planners' Financial Services of America ("UPFSA").

My number one priority is that I am able to offer my clients the best investment services possible. I am always looking for ways to add client value, but realize that my firm is a small (and I want to remain a small) financial advisory office. Therefore, I am moving my securities relationship to UPFSA. **This will not affect your relationship with me, where your funds are maintained, my investment philosophy, or the fees that we have previously agreed upon.**

I am enclosing the following forms for you to review. Together, these forms will allow me to continue providing investment advisory services through UPFSA.

- New Account Form with UPFSA
- Limited Power of Attorney with UPFSA

I realize that the enclosed forms are much more regulatory than you have seen in the past, but increasing compliance issues have led companies to move in this direction.

*Registered Principal Offering Securities and Advisory Services Through United Planners Financial Services of America, A Limited Partnership Member FINRA, SIPC
Diversified Financial and United Planners are not affiliated.

I need to receive the enclosed forms back as quickly as possible, but in any event no later than November 18, 2008. I am enclosing a self-addressed [stamped] envelope for your convenience.

If you have any questions, please do not hesitate to call me.

Sincerely,

Richard M. Schmerman

Client Acknowledgement:

I have read and understand the foregoing and agree to the financial advisory services as set forth above.

Signature: _____

charlesSCHWAB
INSTITUTIONAL

Limited Power of Attorney (LPOA)

Investment Advisor ("IA") Information (This portion to be completed by IA.)

IA Firm Name (Please print.) UPFSA

IA Master Account Number _____ Service Team National Service

Prior IA Firm Name MSC - Diversified Financial
(Please complete if authorization below replaces authority previously delegated.)

SchwabLink® Investor Checking Master _____

If you do not have a SchwabLink Master for your Schwab Bank High Yield Investor Checking™ ("High Yield Investor Checking") account(s), please contact your sales representative to get one established.

Is your firm (or a principal, employee or related person* of your firm) an owner, trustee, executor, guardian, conservator or custodian of this account? ☐ Yes ☐ No
If "Yes," and this is a Trust, Estate, Guardianship, Conservatorship or Custodial account, please also submit a completed Investment Advisor Account Supplemental Information Form.

Use this form to grant limited authority over your existing brokerage account at Charles Schwab & Co., Inc. ("Schwab") and, if applicable, your linked High Yield Investor Checking account at Charles Schwab Bank ("Schwab Bank") to the IA named above.

1. Account Holder Information

[redacted] 16196
Brokerage Account Number

High Yield Investor Checking Account Number (if applicable)

Elizabeth
Account Holder's First Name

Middle

aiken
Last

Additional Account Holder's First Name

Middle

Last

2. Authorizations (Please initial all areas that apply to this account.)

Note: Any of these authorizations may be revoked by providing notice to Schwab. If more than one person is listed on the account, each Account Holder must initial the authorizations granted below. (An "X" is not sufficient.)

EA
Acct. Holder/Trustee/Custodian/Executor | Add'l Account Holder/Co-Trustee/Co-Executor | Add'l Account Holder/Co-Trustee/Co-Executor

Trading Authorization. I authorize Schwab to execute trades in my brokerage account at the direction of IA as provided in the Limited Power of Attorney (LPOA) Agreement.

EA
Acct. Holder/Trustee/Custodian | Add'l Account Holder/Co-Trustee | Add'l Account Holder/Co-Trustee

Trading and Disbursement Authorization.† I authorize Schwab (1) to execute trades in my brokerage account at the direction of IA as provided in the Limited Power of Attorney (LPOA) Agreement; (2) to disburse assets for investment purposes or to me personally as instructed by IA; (3) to remit checks, wire funds and otherwise to make disbursements of funds held in the brokerage account (i) to banks, broker-dealers, investment companies or other financial institutions for credit to an account of identical registration or (ii) to me at my address of record. **(Note: This option is not available for Estate, Guardianship or Conservatorship accounts.)**

EA
Acct. Holder/Trustee/Custodian/Executor | Add'l Account Holder/Co-Trustee/Co-Executor | Add'l Account Holder/Co-Trustee/Co-Executor

Fee Payment Authorization. I authorize Schwab to pay investment advisory and related fees to IA from my brokerage account in the amount of my IA's instructions.

*A "related person" is defined as any advisory affiliate or any person that is under common control with your firm. See Form ADV for additional information.

† High Yield Investor Checking account: If you have granted "Disbursement Authorization" above to your IA on your Schwab One® brokerage account, and you have a linked High Yield Investor Checking account, you will be deemed to have granted Disbursement Authorization to your IA on your High Yield Investor Checking account as well. Under this Disbursement Authorization, your IA will have the ability to transfer or withdraw money from your High Yield Investor Checking account, place stop payments, and generally take such other actions with respect to this account in the same manner and to the same extent as you are permitted to do. However, in general, your IA will not be issued checks for this account, has no authority to sign checks for this account and will not be issued a check card for this account or access to Schwab Bank Bill Pay™ service. Your IA may request copies of specific account statements for this account. Any of these authorizations may be revoked by providing notice to Schwab or Schwab Bank. Schwab or Schwab Bank may require that such notice be provided in writing.

If you have not granted your IA Disbursement Authorization on your Schwab One brokerage account, your IA may only have authority to view account information, balances and transactions, but not to make withdrawals or transfer funds in your linked High Yield Investor Checking account. Your IA may also request copies of specific account statements.

Non-Deposit Investment Products: Not FDIC-Insured • No Bank Guarantee • May Lose Value

For Charles Schwab Use Only

Account Number

Date Approved (mm/dd/yyyy)

Print Name of Approver

Signature

WB

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Schwab Institutional is a division of Charles Schwab & Co., Inc. FTA 01979 (1207-1547) APP10504-16 (12/07)

0 0 0 0 0 0

ACC007227
FILE#8145

3. Issuer Communications and Related Actions

If you have granted your IA trading authority over your brokerage account, and your IA exercises investment discretion for you pursuant to an advisory contract, you can appoint your IA to be sent certain issuer and issuer-related communications (proxies, tender offers, proposed mergers, rights offerings, exchange offers and warrants, among other things) that may require a voting decision or other action regarding investments held in your brokerage account.

If you appoint your IA below, your IA will, regarding only those voting decisions or other action communications sent to your IA: (i) be requested to vote proxy ballots; (ii) be requested to provide instructions regarding corporate reorganizations and other corporate actions; and (iii) be sent certain prospectuses and annual reports and other communications. In these cases, you will be authorizing your IA to make all voting decisions and take all actions on your behalf. You will not be sent informational copies of these communications.

Even if you appoint your IA below, you may still be sent certain other issuer and issuer-related communications regarding investments held in your brokerage account. You agree that you will be responsible for providing Schwab any applicable instructions or directions on those items.

Please select only one:

- ( ) Yes. I appoint my IA, and I will fulfill my responsibilities, as described above. I instruct Schwab not to disclose my name, address and securities positions to any issuer of securities held in my brokerage account.
- (●) No. I do not appoint my IA as described above. I wish to be sent all issuer and issuer-related communications, make all voting decisions and take all actions described above. I understand that any issuer of securities held in my brokerage account may request that Schwab disclose to it my name, address and securities positions in that issuer.

  If you selected "No" above, please select one: My IA (✓) should ( ) should not be sent informational copies of any issuer or issuer-related communications.

If you do not select either "Yes" or "No" above, Schwab will deem you to have indicated "No," but informational copies of issuer and issuer-related communications may be sent to your IA.

4. Schwab Bank High Yield Investor Checking™ Investment Advisor Authorizations

(If you do not have a High Yield Investor Checking account, please skip this section.)

If you have listed a High Yield Investor Checking account in Section 1 of this form, please read this section. These Investment Advisor Authorizations are an agreement between Charles Schwab Bank ("Schwab Bank") and each Account Holder. The terms "I," "me" and "my" refer to each Account Holder or trustee. By signing in Section 6, I:

(1) authorize the Investment Advisor (IA) named on this form to exercise the authorities described in Section 2 of this form, and I authorize Schwab Bank to take such actions as Schwab Bank deems necessary to carry out instructions Schwab Bank receives from me and/or my IA; I further authorize Schwab Bank, in its sole discretion and for whatever reason, to request additional documentation from me prior to executing any transaction requested by my IA;

(2) acknowledge and agree that:
- Schwab Bank will merely effect transactions as directed by my IA's Disbursement Authority;
- Schwab Bank will not give legal or tax advice;
- Schwab Bank is not acting as a fiduciary;
- I (and not Schwab Bank) am responsible for investigating and selecting my IA;
- my IA is not affiliated with, or controlled or employed by, Schwab Bank, and Schwab Bank has not approved, recommended or endorsed my IA;
- unless required by applicable law, Schwab Bank has no duty to review, supervise or monitor any transaction by my IA in my High Yield Investor Checking account; and
- Schwab Bank reserves the right, in its sole discretion, to no longer honor instructions from my IA and will notify me if it chooses to do so;

(3) hereby ratify and confirm any and all transactions or dealings effected in and for my High Yield Investor Checking account by my IA, and I agree to indemnify and hold harmless Schwab Bank, its affiliates, and their directors, officers, employees and agents from and against all claims, actions, judgments, settlement amounts, costs and liabilities, including attorneys' fees, arising out of or relating to their reliance on this form and these Account Terms, Schwab Bank's execution of my IA's instructions and Schwab Bank's execution of disbursement instructions received from my IA's Disbursement Authority;

(4) agree to indemnify and hold Schwab Bank harmless from, and to pay Schwab Bank promptly upon demand for, any and all losses or financial obligations which may arise from the acts or omissions of my IA with respect to my High Yield Investor Checking account. I also agree that Schwab Bank will not be liable, and I will not attempt to hold Schwab Bank liable, for any transaction or decision made by my IA, whom I have selected, regardless of whether or not any such transaction or decision was specifically authorized by me;

(5) understand that this authorization and indemnification will remain in effect until Schwab Bank is notified in writing of my death, mental disability, incompetence or incapacity, or until I have revoked it by written notification, and such notification is received by Schwab Bank; such revocation will not affect my obligations resulting from transactions initiated prior to Schwab Bank's receipt of notice of revocation;

(6) understand that this form supplements and in no way limits or restricts rights which Schwab Bank may have under existing law or any other agreement with me. This form will bind my heirs, executors, administrators, successors and assigns, and will benefit Schwab Bank's successors, affiliates and assigns;

(7) certify that I have read carefully the provisions of this form and understand that it authorizes my IA, herein named, to exercise all rights and powers set forth above with respect to my High Yield Investor Checking account, and I understand that anything my IA may do in the exercise of such rights and powers is fully binding upon me; I hereby authorize the IA named in this form and in such capacity to give instructions to Schwab Bank in connection with my High Yield Investor Checking account specified on this form, and to take other actions necessary or incidental to the execution of such instructions; I authorize Schwab Bank, and other persons to whom Schwab Bank has given instructions in order to implement my IA's instructions, to rely on my IA's instructions without obtaining my approval, countersignature or co-signature. I understand that this is not a Durable Power of Attorney and that all authority granted to my IA shall cease automatically upon Schwab Bank receiving written notification from a licensed physician of my mental disability, incompetence, incapacity or death;

(8) give my Investment Advisor of record (if I have granted Disbursement Authority to my IA) or Other Authorized Signer permission and authority to request wire transfers and Automated Clearing House (ACH) transfers, by telephone or online, from my High Yield Investor Checking account. I understand that by making this authorization I may not be contacted as part of the Schwab Bank wire transfer security procedures or other related customer authentication procedures when my IA or Other Authorized Signer requests and signs for a wire transfer or requests an ACH transfer based on this authorization.

WB

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5. Certification of Trust—Trust Accounts Only

By signing this Limited Power of Attorney form on behalf of a Trust, each Trustee signing below (the "Trustees") certifies that the representations and warranties in the attached Certification of Trust are true and complete.

6. Please Read and Sign

The terms "I," "me" and "my" refer to each Account Holder or Trustee. By signing below, I authorize the Investment Advisor (IA) named on page 1 of this document to be my Agent (attorney-in-fact) to the extent provided in this Limited Power of Attorney (LPOA) document. Further, I certify that I have read carefully the provisions of this LPOA document. By signing this Limited Power of Attorney, each Trustee signing below (the "Trustees") certifies that the representations and warranties in the attached Certification of Trust are true and complete.

Furthermore, by signing this agreement, I acknowledge that these terms relate to my account(s) and are part of (A) the Account Agreement between me and Schwab for my Schwab One® account and, if applicable, (B) the Account Agreement between me and Schwab Bank for my High Yield Investor Checking™ account.

Additionally, by signing this Agreement, each Account Holder consents to Schwab's: (i) sending, by mail, electronic delivery and/or other means, duplicate copies of account trade confirmations, account statements and any other information relating to the Account Holder and the account to the Account Holder's IA, if and in such manner as requested by the Account Holder's IA; (ii) sending such information about the Account Holder and the account to third parties (such as CPAs or performance-reporting companies) as the Account Holder's IA shall direct Schwab; and (iii) disclosure of information about the Account Holder and the account to other third parties as provided in this LPOA and the Account Agreement. Furthermore, I acknowledge that I have received a copy of the Account Terms to retain for my records.

All Account Holders must sign below. If this is a Trust, Estate, Guardianship or Conservatorship account, all current trustees, executors, guardians or conservators must sign, even if not listed on the account registration. If needed, you may attach a separate sheet with additional signatures.

Please Note: By signing below, I authorize Schwab to provide IA any and all requested information of any nature whatsoever regarding my brokerage account, including, but not limited to, copies of my account statements, applications or like documentation, and, if applicable, copies of checks written against my linked Schwab Bank High Yield Investor Checking account.

Signature: Account Holder/Trustee/Custodian/Executor	Print Name	Date (mm/dd/yyyy)
Elizabeth I Aiken	Elizabeth I Aiken	11/17/08

For Charles Schwab Use Only

Account Number

WB

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charles SCHWAB
INSTITUTIONAL

Schwab One® Account Application
for Personal Accounts

Investment Advisor ("IA") Information (this portion to be completed by IA)

IA Firm Name (please print)
DIVERSIFIED FINANCIAL

IA Master Account Number
[redacted]1806

Service Team
National Service

Is your firm (or a principal, employee or related person* of your firm) an owner, executor, guardian, conservator or custodian of this account?

◯ Yes ◯ No

If "Yes," and this is an Estate, Guardianship, Conservatorship or Custodial account, please also submit a completed Investment Advisor Account Supplemental Information Form.
*A "related person" is defined as any advisory affiliate or any person that is under common control with your firm. See Form ADV for additional information.

1 MARGIN FEATURE

Margin Feature will NOT be automatically added, unless you check below.

◯ Add Margin Feature to my account

2 REGISTRATION Select only one.

- ● Individual
- ◯ Joint Tenants with Rights of Survivorship
- ◯ Tenants in Common
- ◯ Estate[2]
- ◯ Tenants by the Entirety[1]
- ◯ Community Property[1]
- ◯ Community Property with Rights of Survivorship[1]
- ◯ Conservatorship[2]
- ◯ Guardianship[2]
- ◯ Custodial (Section 10, optional)

Under Laws of (State)

Age of Termination

Name of the Estate	Tax ID Number of the Estate	Decedent's Social Security Number	
Decedent's First Name	**Middle**	**Last**	**Suffix**

[1]This type of registration may not be available in your state.
[2]Additional documents are required to open these accounts.

Non-Deposit Investment Products: Not FDIC-Insured · No Bank Guarantee · May Lose Value

For Charles Schwab Use Only Account Number _____

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3 ACCOUNT HOLDER INFORMATION As required by federal law, Schwab will use the information provided below to verify your identity. For information about Schwab's privacy policy, please refer to the attached Account Application Agreement.

Account Holder/Minor/Ward/Executor

First Name	Middle	Last	Suffix
Elizabedh	Irene	Aiken	ms.

Are you known by another name? (specify)

Email Address: Elizabedh.Aiken@[redacted]

Home Street Address (no P.O. boxes, please): [redacted]

City: [redacted] State: AZ Zip Code: [redacted] Home Telephone Number: ([redacted]

Mailing Address (if different from above; P.O. boxes may be used)
Mailing Street Address (U.S. or Non-U.S.)

U.S. Address Only
City State Zip Code

Non-U.S. Address Only
City, Postal Code, Other Country

Date of Birth (mm/dd/yyyy): [redacted] Social Security/Tax ID Number: ([redacted] Country of Legal Residence: ● USA ○ Other

Country(ies) of Citizenship (must list all; if not a U.S. citizen, please complete identification information below): ● USA ○ Other ○ Other

Identification Type (complete only if not a U.S. citizen): ○ Passport ● U.S. Driver's License ○ U.S. Gov't Issued ID Identification Number: [redacted]

Place of Issuance: Arizona Issue Date: 9/4/03 Expiration Date: 9/5/2026

Employment Status: ● Employed ○ Retired ○ Self-Employed ○ Non-Employed Occupation/Position

Employer Name/Industry (if self-employed, indicate nature of business): Planned Parenthood of Arizona

Business Address (no P.O. boxes, please)
Business Street Address (U.S. or Non-U.S.): 5651 N. 7th Street

U.S. Address Only
City: Phoenix State: AZ Zip Code: 85018 U.S. Business Telephone Number: (602) 263-4214

Non-U.S. Address Only
City, Postal Code, Other Country Non-U.S. Business Telephone Number (country code) (number)

I am employed by, affiliated with, or am either a director or owner of one or more securities firms. ○ Yes* ● No If yes, list company name.

I am a director, 10% shareholder or policy-making officer of one or more publicly traded companies. ○ Yes ● No If yes, list company symbol(s) (e.g., SCHW).

*Attach a written consent from your employer if employed by a securities firm.

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3 ACCOUNT HOLDER INFORMATION (Continued)

Additional Account Holder/Custodian/Conservator/Guardian/Co-Executor

First Name	Middle	Last	Suffix

Are you known by another name? (specify)	Email Address

Home Street Address (no P.O. boxes, please)		

City	State	Zip Code	Home Telephone Number
			( )

Date of Birth (mm/dd/yyyy)	Social Security/Tax ID Number	Country of Legal Residence
		◯ USA ◯ Other

Country(ies) of Citizenship (must list all; if not a U.S. citizen, please complete identification information below)	
◯ USA ◯ Other	◯ Other

Identification Type (complete only if not a U.S. citizen)	Identification Number
◯ Passport ◯ U.S. Driver's License ◯ U.S. Gov't Issued ID	

Place of Issuance	Issue Date	Expiration Date

Employment Status	Occupation/Position
◯ Employed ◯ Retired ◯ Self-Employed ◯ Non-Employed	

Employer Name/Industry (if self-employed, indicate nature of business)

Business Address (no P.O. boxes, please) Business Street Address (U.S. or Non-U.S.)		

U.S. Address Only City	State	Zip Code	U.S. Business Telephone Number
			( )

Non-U.S. Address Only City, Postal Code, Other	Country	Non-U.S. Business Telephone Number (country code) (number)

I am employed by, affiliated with, or am either a director or owner of one or more securities firms.	If yes, list company name.	I am a director, 10% shareholder or policy-making officer of one or more publicly traded companies.	If yes, list company symbol(s) (e.g., SCHW).
◯ Yes* ◯ No		◯ Yes ◯ No	

*Attach a written consent from your employer if employed by a securities firm.

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4 CHOOSE YOUR CASH FEATURE

Please select below one eligible Cash Feature that may allow you to earn income on the free credit balances in your brokerage account (each, a "Cash Feature"). Eligibility for each Cash Feature is indicated below. For additional information on the eligibility rules for, and important disclosures about, the various alternatives to earn income on your cash, please see Schwab's Cash Feature disclosure statement. If you do not select a Cash Feature, select more than one Cash Feature, or select a Cash Feature for which you are not eligible, you instruct Schwab to designate the Bank Sweep Feature as the Cash Feature for your account. Schwab may make this designation without providing any advance notice to you.

Select only one of the following:	Available to:
◉ Bank Sweep Feature[1]	Individuals Only[2]
◯ Schwab One® Interest Feature[3]	All Clients
◯ Schwab Municipal Money Fund - Sweep Shares™ (SWXXX)	All Clients
◯ Schwab AMT Tax-Free Money Fund™ - Sweep Shares (SWFXX)	All Clients
◯ Schwab State-Specific (CA-SWCXX, MA-SWDXX, NJ-SWJXX, NY-SWNXX, PA-SWEXX) Municipal Money Fund - Sweep Shares Indicate State _____ (default is state of domicile on account)	All Clients
◯ Schwab Government Money Fund™ (SWGXX)	Clients with Household Balance[4] > $100,000
◯ Schwab U.S. Treasury Money Fund™ (SWUXX)	Clients with Household Balance > $100,000
◯ Schwab Advisor Cash Reserves® - Sweep Shares (SWQXX)	Clients with Household Balance > $500,000
◯ Schwab Advisor Cash Reserves - Premier Sweep Shares (SWZXX)	Clients with Household Balance > $1,000,000

[1]The Bank Sweep Feature automatically makes deposits to and withdrawals from deposit accounts held at Charles Schwab Bank, an FDIC-insured depository institution affiliated with Schwab. Please see Schwab's Cash Feature disclosure statement for more information about FDIC insurance. We recommend that you assume that coverage of deposit accounts established under the Bank Deposit Feature will be limited to FDIC insurance and that you not expect coverage from SIPC.

[2]The Bank Sweep Feature is available only to individuals.

[3]The Schwab One Interest feature allows you to receive interest from Schwab on the free credit balances in your brokerage account. Credit balances held at Schwab ARE NOT FDIC-INSURED AND ARE NOT BANK-GUARANTEED. The Schwab One Interest feature is currently not available for a brokerage account linked to a Schwab Bank Investor Checking™ Account.

[4]Your Household Balance includes all of your accounts at Schwab that have been linked in accordance with Schwab's householding guidelines.

If you select a Sweep Money Fund, your selection is considered a request for a prospectus. It is an indication of interest only, and you are not obligated to buy any shares. Please read the prospectus carefully. Although money funds seek to preserve the value of your investments at $1 per share, it is possible to lose money. Money funds ARE NOT FDIC-INSURED, MAY LOSE VALUE AND ARE NOT BANK-GUARANTEED.

Municipal money funds are designed for taxpayers who are seeking income that is exempt from federal income tax. Each of the state-specific funds generally provides income that is exempt from that respective state's personal income tax as well. With the exception of the Schwab AMT Tax-Free Money Fund, a portion of each of these funds' income may be subject to the federal alternative minimum tax (AMT). These funds are not appropriate for inclusion in an IRA or other retirement account or for any investor with tax-exempt status.

5 ELECTRONIC DELIVERY (eDelivery) ENROLLMENT

Schwab Institutional offers electronic delivery of your account statements and trade confirmations. Once enrolled, you will receive notifications via email that your statements and confirmations are available via Schwab's secure Web site, schwaballiance.com. Enrolling in eDelivery may also qualify you for lower online equity trades. Please consult with your Investment Advisor and/or the *Charles Schwab Institutional® Pricing Guide* for more pricing details.

To being enrollment in eDelivery, provide your email address below and Schwab Institutional will send you an email providing instructions on how to complete your enrollment and electronically consent to eDelivery via schwaballiance.com.

Email Address

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6 CHECKING PREFERENCES

Please select one of the following:

A. ◯ **Schwab One® Brokerage Checks and Visa® Platinum Check Cards** Complete ONLY if you have NOT applied for Schwab Bank Investor Checking™.

Checking. If you would like to order personal checks, indicate how the name(s) and address should read.

Account Holder	Additional Account Holder

Checking Address (no P.O. boxes, please) Street Address (U.S. or Non-U.S.)		

U.S. Address Only City	State	Zip Code

Non-U.S. Address Only City, Postal Code, Other	Country

Special Information (if any)

Visa. If you would like to order a Visa Platinum check card, indicate the names that should appear on the card. Visa Platinum check card privileges are not available for Custodial, Estate, Conservatorship or Guardianship Accounts.

Account Holder	Number of Visa cards desired for Account Holder ◯ 1 ◯ 2
Additional Account Holder	Number of Visa cards desired for Additional Account Holder ◯ 0 ◯ 1

B. ◯ **Schwab Bank Investor Checking Account**[1] Complete and attach the Add Schwab Bank Investor Checking to Your Schwab One Brokerage Account Application. This full-featured Schwab Bank checking account links to your Schwab One brokerage account and includes unlimited checkwriting, free Schwab Bank Bill Pay, a Visa Platinum check card with ATM rebates,[2] downloads to Microsoft® Money or Quicken®, and interest on your cash balances.[3]

C. ◯ **None**

[1]You must be a U.S. resident or resident alien and have a U.S. mailing address to open a Schwab Bank Investor Checking account.

[2]Refer to the *Schwab Bank Deposit Account Pricing Guide* for details.

[3]Schwab Bank is an FDIC-insured depository institution affiliated with Schwab. Funds deposited at Schwab Bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to $100,000 when aggregated with all other deposits held by you in the same capacity at Schwab Bank.

7 AUTHORIZATIONS Please initial all areas that apply to this account.

Any of these authorizations may be revoked by providing notice to Schwab. Schwab may require that such notice be provided in writing. If more than one person is listed on the account, each Account Holder must initial the authorizations granted below. (An "X" is not sufficient.)

Account Holder/Custodian	Add'l Account Holder	Add'l Account Holder	
EA			**Trading and Disbursement Authorization.** I authorize Schwab (1) to execute trades in my account at the direction of IA as provided under the Trading Authorization heading in the attached Schwab One Account Application Agreement; (2) to disburse assets for investment purposes or to me personally, as instructed by IA; (3) to remit checks, wire funds and otherwise make disbursements of funds held in the account (i) to banks, broker-dealers, investment companies or other financial institutions for credit to an account of identical registration, or (ii) to me at my address of record. (Note: This option is not available for Estate, Guardianship or Conservatorship accounts.)
EA			**Trading Authorization.** I authorize Schwab to execute trades in my account at the direction of IA as provided under the Trading Authorization heading in the attached Schwab One Account Application Agreement.
EA			**Fee Payment Authorization.** I authorize Schwab to pay investment advisory and related fees to IA from my account in the amount of IA's instructions.

Account Holder/ Custodian/Executor	Add'l Account Holder/ Co-Guardian/Co-Executor	Add'l Account Holder/ Co-Guardian/Co-Executor

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8 ISSUER COMMUNICATIONS AND RELATED ACTIONS

If you have granted your IA trading authority over your account, and your IA exercises investment discretion for you pursuant to an advisory contract, you can appoint your IA to be sent certain issuer and issuer-related communications (proxies, tender offers, proposed mergers, rights offerings, exchange offers and warrants, among other things) that may require a voting decision or other action regarding investments held in your account.

If you appoint your IA below, your IA will, regarding only those voting decisions or other action communications sent to your IA: (i) be requested to vote proxy ballots; (ii) be requested to provide instructions regarding corporate reorganizations and other corporate actions; and (iii) be sent certain prospectuses and annual reports and other communications. In these cases, you will be authorizing your IA to make all voting decisions and take all actions on your behalf. You will not be sent informational copies of these communications.

Even if you appoint your IA below, you may still be sent certain other issuer and issuer-related communications regarding investments held in your account. You agree that you will be responsible for providing Schwab any applicable instructions or directions on those items.

Please select only one:

○ Yes. I appoint my IA, and I will fulfill my responsibilities, as described above. I instruct Schwab not to disclose my name, address and securities positions to any issuer of securities held in my account.

● No. I do not appoint my IA as described above. I wish to be sent all issuer and issuer-related communications, make all voting decisions and take all actions described above. I understand that any issuer of securities held in my account may request that Schwab disclose to it my name, address and securities positions in that issuer.

If you selected "No" above, please select one:

My IA ● should / ○ should not be sent informational copies of any issuer or issuer-related communications.

If you do not select either "Yes" or "No" above, Schwab will deem you to have indicated "No," but informational copies of issuer and issuer-related communications may be sent to your IA.

9 AUTHORIZATION TO OPEN ACCOUNT

By signing this Application, you acknowledge that you have received and read a copy of the attached Application Agreement, which contains a predispute arbitration provision. You acknowledge that your signature signifies and constitutes your agreement that this account and your relationship with Schwab will be governed by the Application Agreement and all incorporated agreements and disclosures, including, but not limited to, the Schwab One® Account Agreement and the *Charles Schwab Institutional® Pricing Guide*, each as amended from time to time (the "Agreement and Disclosures"). You understand there are fees associated with establishing, maintaining and engaging in transactions.

If you have selected the margin feature, you acknowledge that securities securing loans from Schwab may be lent to Schwab and lent by Schwab to others. You also acknowledge that if you trade "on margin," you are borrowing money from Schwab and that you understand the requirements and risks associated with margin borrowing as summarized in the Margin Disclosure Statement included with this Application.

For purposes of this Account Application and the attached Application Agreement, the terms "you," "your" and "Account Holder" refer to each person who signs this Account Application. The terms "we," "us," "our" and "Schwab" refer to Charles Schwab & Co., Inc.

I certify under penalty of perjury that (1) the number shown on this Application is my correct taxpayer number; (2) I am not subject to back-up withholding because (a) I am exempt from back-up withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to back-up withholding as a result of a failure to report all interest and dividends, or (c) the IRS has notified me that I am no longer subject to back-up withholding; and (3) I am a U.S. person (including a U.S. resident alien). (I understand that if I have been notified by the IRS that I am subject to back-up withholding as a result of dividend or interest underreporting and I have not received a notice from the IRS advising me that back-up withholding is terminated, I must strike or cross out the information contained in item 2 above.) The IRS does not require my consent to any provision of this document other than the certification required to avoid back-up withholding.

The Agreement with Schwab includes a predispute arbitration clause. I acknowledge receipt of the predispute arbitration clause contained in the Required Arbitration Disclosures and Arbitration Agreement sections, pages 1 and 2, of the Schwab One Account Application Agreement.

All Account Holders must sign. Your signature(s) below will also serve as a signature card for checks and Visa® Platinum check card(s).

▶ Elizabeth I. Aiken — Elizabeth I. Aiken — Date 6/3/08
Signature: Account Holder/Custodian/Conservator/Guardian/Executor — Print Name — (mm/dd/yyyy)

▶ _____ — _____ — Date _____
Signature: Additional Account Holder/Custodian/Co-Guardian/Co-Executor — Print Name — (mm/dd/yyyy)

▶ _____ — _____ — Date _____
Signature: Additional Account Holder/Custodian/Co-Guardian/Co-Executor — Print Name — (mm/dd/yyyy)

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If you appoint your IA below, your IA will, regarding only those voting decisions or other action communications sent to your IA: (i) be requested to vote proxy ballots; (ii) be requested to provide instructions regarding corporate reorganizations and other corporate actions; and (iii) be sent certain prospectuses and annual reports and other communications. In these cases, you will be authorizing your IA to make all voting decisions and take all actions on your behalf. You will not be sent informational copies of these communications.

Even if you appoint your IA below, you may still be sent certain other issuer and issuer-related communications regarding investments held in your account. You agree that you will be responsible for providing Schwab any applicable instructions or directions on those items.

Please select only one:

○ Yes. I appoint my IA, and I will fulfill my responsibilities, as described above. I instruct Schwab not to disclose my name, address and securities positions to any issuer of securities held in my account.

● No. I do not appoint my IA as described above. I wish to be sent all issuer and issuer-related communications, make all voting decisions and take all actions described above. I understand that any issuer of securities held in my account may request that Schwab disclose to it my name, address and securities positions in that issuer.

If you selected "No" above, please select one:

My IA ● should / ○ should not be sent informational copies of any issuer or issuer-related communications.

If you do not select either "Yes" or "No" above, Schwab will deem you to have indicated "No," but informational copies of issuer and issuer-related communications may be sent to your IA.

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If you have selected the margin feature, you acknowledge that securities securing loans from Schwab may be lent to Schwab and lent by Schwab to others. You also acknowledge that if you trade "on margin," you are borrowing money from Schwab and that you understand the requirements and risks associated with margin borrowing as summarized in the Margin Disclosure Statement included with this Application.

For purposes of this Account Application and the attached Application Agreement, the terms "you," "your" and "Account Holder" refer to each person who signs this Account Application. The terms "we," "us," "our" and "Schwab" refer to Charles Schwab & Co., Inc.

I certify under penalty of perjury that (1) the number shown on this Application is my correct taxpayer number; (2) I am not subject to back-up withholding because (a) I am exempt from back-up withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to back-up withholding as a result of a failure to report all interest and dividends, or (c) the IRS has notified me that I am no longer subject to back-up withholding; and (3) I am a U.S. person (including a U.S. resident alien). (I understand that if I have been notified by the IRS that I am subject to back-up withholding as a result of dividend or interest underreporting and I have not received a notice from the IRS advising me that back-up withholding is terminated, I must strike or cross out the information contained in item 2 above.) The IRS does not require my consent to any provision of this document other than the certification required to avoid back-up withholding.

The Agreement with Schwab includes a predispute arbitration clause. I acknowledge receipt of the predispute arbitration clause contained in the Required Arbitration Disclosures and Arbitration Agreement sections, pages 1 and 2, of the Schwab One Account Application Agreement.

All Account Holders must sign. Your signature(s) below will also serve as a signature card for checks and Visa® Platinum check card(s).

▶ Elizabeth I. Aiken — Elizabeth I. Aiken — Date 6/3/08
Signature: Account Holder/Custodian/Conservator/Guardian/Executor — Print Name — (mm/dd/yyyy)

▶ _____ — _____ — Date _____
Signature: Additional Account Holder/Custodian/Co-Guardian/Co-Executor — Print Name — (mm/dd/yyyy)

▶ _____ — _____ — Date _____
Signature: Additional Account Holder/Custodian/Co-Guardian/Co-Executor — Print Name — (mm/dd/yyyy)

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EXHIBIT

G

Respondent: RICHARD SCHMERMAN
Address: 5312 N 12TH ST
STE 301
PHOENIX , AZ , 85014
Phone: 602-224-6040
Email: RMSCHMERMAN@UNITEDPLANNERS.COM
Date Completed: 2008-10-21 11:47:42.173

2008 Annual Compliance Questionnaire

U-4 Form Updates

1. **Has your home address or business address changed in the last year?**
   No

2. **In the past year have you been the subject of any oral or written customer complaints?**
   No

3. **In the past year have you been involved in any type of regulatory inquiry or investigation (SEC, FINRA, and State)?**
   No

4. **In the past year have you been sanctioned by a regulatory body (SEC, FINRA, or state)?**
   No

5. **In the past year have you been involved in any investment-related civil litigation, arbitration or administrative proceeding?**
   No

6. **In the past year have any judgments or tax liens been entered against you?**
   No

7. **In the past year have you or any organization that you controlled filed for voluntary bankruptcy or entered into a compromise with creditors?**
   No

8. **In the past year have you ever been arrested, arraigned, charged or indicted for any criminal offense (except for minor traffic violations)**
   No

9. **In the past year have you been convicted of, or pled guilty or no contest to any felony?**
   No

10. **In the past year have you been convicted of, or pled guilty or no contest to any misdemeanor involving investments, any investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting or extortion?**
    No

11. **While associated with the firm, have you legally changed your name?**

ACC007711
FILE#8145

No

Private Securities Transactions (Any product not offered by the firm, not listed on an exchange, etc.)

1. While associated with the firm, have you engaged in any private securities transactions?

No

Outside Securities Transactions

1. Do you, your spouse, or any person that you provide financial support to have a brokerage account?

Yes

1.1. If yes, List the firms that custody these accounts including the account registration and account number(s)

- Pershing Richard M. Schmerman 761-991124 Charles Schwab Richard M. Schmerman 7868-1926 Smith Barney Richard M. Schmerman

1.2. If yes, have you received approval from the United Planners' Compliance Department to maintain such account(s)?

Yes

Sales Practices

1. Do you provide your clients with a current prospectus prior to or at the time of sale?

Yes

2. Do you circle, highlight, underline or otherwise alter any part of a prospectus before giving it to or discussing it with a client?

No

3. Do you explain a variable product's fee structures, risks, long-term nature, surrender charges and other relevant information to all clients prior to or at the time of sale of a variable product?

Yes

4. Have you affected any annuity exchange where the policy that was surrendered was held less than 36 months?

No

5. In connection with sales of mutual funds, do you explain the difference between fund share classes (A, B and C) and the charges and fees associated with each?

Yes

6. In connection with the sale of mutual funds, do you explain the risks and long-term nature of the investment prior to or at the time of sale of the fund to the client?

Yes

7. Do you advise clients of mutual fund breakpoints and maintain documentation in your files evidencing that you have done so?

Yes

8. Have you purchased class B mutual fund shares for clients, with an aggregate total over $100,000 per household?

No

9. Have you purchased class C mutual fund shares for clients, with an aggregate total over $250,000 per

household?

No

10. Do you recommend individual stocks or bonds to your clients?

Yes

10.1. If yes, do you conduct research on the securities you recommend?

Yes

10.1.1. If yes, list the sources of your research:

- Trade Publications, Investment Letters, Business Periodicals, Individual Company Analysis, Brokerage Firm Publications

11. Do you exercise discretionary trading authority for any of your client's accounts?

No

12. Do you take steps to make sure that all securities products that you recommend to your clients are suitable in light of their investment objectives, financial situation and investment experience?

Yes

13. Do you limit your discussion of investment company securities with clients to the facts and information contained in the current prospectus for the products and/or other sales material for the products that is approved by United Planners'?

Yes

14. While associated with the firm, have you used or disseminated material insider information?

No

15. Have you ever signed another person's name to a document under any circumstance?

No

16. Have you ever obtained pre-signed documents from a client and completed the information at a later time?

No

17. While associated with the firm, have you guaranteed a client against loss in connection with any securities transaction?

No

18. While associated with the firm, have you ever promised or paid money to a client in connection with a securities transaction?

No

19. While associated with the firm, have you solicited or accepted a loan from or made a loan to a client for any reason (other than accounts belonging to immediate family members whom you have disclosed to the firm)?

No

20. While associated with the firm, have you commingled your funds with a client's?

No

21. While associated with the firm, have you accepted a financial interest in or shared in any profits or losses in a client's account (other than accounts belonging to immediate family members whom you have disclosed to the

firm)?

No

22. While associated with the firm, have you shared commissions from any securities transaction for a client's account?

No

23. Have you given or received a gift that is valued in excess of $100 annually?

No

24. Have you purchased shares of a Hot Issue (securities sold at a premium over the public offering price on the first day of trading) in an account in which you have a financial interest?

No

25. Do you sell penny stocks (Securities not listed on a major exchange and priced under $5)?

No

26. Do you create and disseminate consolidated statements to clients (not including Albridge)?

Yes

26.1. If yes, has the format been approved by the United Planners' Compliance Department?

Yes

27. Do you prepare financial plans?

Yes

27.1. If yes, do you use financial software provided by a third party?

No

28. While associated with the firm, have you accepted a client's check made payable to you (or any entity or person associated with you) for a securities or insurance transaction?

No

29. While associated with the firm, have you accepted cash, a money order or a cashier's check from a client?

No

30. While associated with the firm, have you sold any security or insurance product to a client who resides in a state in which you are not licensed?

No

31. Please select the securities licenses that you currently hold:

S7

32. Do you verify that all products are on the United Planners' approved list prior to solicitation?

Yes

33. Do you sell Equity Index Annuities (EIA)?

No

Business Practices

1. **Do you ensure that all new account documents (New Account Forms, trust documents, corporate resolutions, etc.), including appropriate disclosure and acknowledgement forms are fully and accurately completed prior to or at the time of opening a client's account?**

   Yes

2. **Do you promptly update client new account documentation in AFO when you learn of changes in a client's circumstances?**

   Yes

3. **Do you verify and record each account owner's identification from an unexpired, government-issued photo ID for all new accounts?**

   Yes

4. **Do you ensure the timely execution of orders to purchase or liquidate client securities?**

   Yes

5. **Do you ensure that all customer checks and stock certificates are transmitted no later than the business day following the day on which they are received?**

   Yes

6. **Do you record all applicable securities transactions on the Advisor Front Office Trade Blotter?**

   Yes

7. **Do you maintain complete client files, including copies of all order forms/memoranda, applications, New Account Forms, checks, confirms, disclosure forms, statements, and notes for your securities clients?**

   Yes

8. **Do you maintain centralized files, including Correspondence, Advertising, Check/Securities Received Log?**

   Yes

9. **Do you ensure that initial payments, premiums and other additional payments are only made by a check made payable to the product sponsor or clearing firm?**

   Yes

10. **Do you ensure that all original documentation and payment for securities business are sent to your OSJ?**

    Yes

11. **Do you obtain appropriate documentation and disclosures in connection with a client's replacement of one insurance product for another?**

    Yes

12. **Do you obtain an Investment Transfer Form from clients in connection with a transfer from one mutual fund or variable product for another (excluding transfers between funds within the same fund family)?**

    Yes

13. **Do you promptly deliver all issued variable product contracts to clients?**

    N/A

14. **Do you provide copies of all documents signed by a customer to that customer for their records and maintain copies of those documents in your file in accordance with United Planners' procedures?**

    Yes

15. Do you have access to the FINRA Manual in your office via the internet or in hard copy?
Yes

16. Do you conduct any municipal securities business (including 529 Plans)?
Yes

16.1. If yes, do you have access to the MSRB Manual in your office, available online or in hard copy?
Yes

17. Do you have access to the United Planners' Policies and Procedures Manual online in your office or in a hard copy?
Yes

18. Have you read and understand the United Planners' Policies and Procedures Manual?
Yes

19. Have you read and understand the Anti-Money Laundering procedures set in place by United Planners'?
Yes

20. Do you have a Disaster Recovery Program in place?
Yes

20.1. If yes, does everyone in your branch office understand how to use this program in case of emergency?
Yes

21. Do you participate in cold calling?
No

22. Do you have any Non-Registered Assistants working for you?
Yes

22.1. If yes, please list their names:
- Troy Vigil Amy L. Montaldo

22.2. If yes, have you submitted fingerprint cards to the home office for all Non-Registered Assistants prior to granting them access to client information?
Yes

23. Have you had any Non-Registered Assistants cease working at your office within the last year?
Yes

23.1. If yes, have you notified the Registration Department of the Non-Registered Assistant's termination?
Yes

24. Do you have any Registered Assistants that work in your office?
No

Communications with the Public

1. **Do you only use advertising or sales literature that has been approved by the firm's Compliance Department?**
   Yes

2. **Is the address that you hold out to the public a Registered Branch Office with FINRA?**
   Yes

3. **Are you only using business cards and letterhead that have been approved by the United Planners' Compliance Department?**
   Yes

4. **While associated with the firm, have you used direct mail and/or mass mailing?**
   No

5. **Do you use e-mail to communicate with your customers regarding securities or advisory services?**
   Yes

5.1. **If yes, do you maintain copies of all e-mail communications in hard copy in your correspondence file or in a designated electronic file on your computer?**
   Yes

6. **Do you maintain a website that refers or relates to securities or advisory services?**
   No

7. **Have you published a Yellow Pages advertisement which makes reference to any security products or services?**
   No

8. **Have you placed any advertisement or listing of your name on any Internet webpage or conducted any business on behalf of the firm over the Internet?**
   No

9. **Do you have written procedures in place to handle incoming correspondence?**
   Yes

10. **Do you have written procedures in place to handle outgoing correspondence?**
   Yes

Supervisory Responsibilities

1. **Are you an OSJ Manager?**
   Yes

1.1. **If yes, do you have any Registered Representatives reporting to you?**
   No

1.2. **If yes, do you have any Satellite Branch Offices reporting to you?**
   No

1.3. **If yes, are you properly licensed to supervise all of the Representatives who report to you?**
   Yes

1.4. If yes, are you registered in all the same states as your Representatives?

Yes

1.5. If yes, do you review New Account Forms for all new accounts for representatives that report to you?

Yes

1.6. If yes, do you review all transactions processed by representatives that report to you?

Yes

1.7. If yes, do you have Signature Guarantee privileges?

Yes

1.7.1. If yes, do you only guarantee securities related documents for United Planners' clients with New Account Forms on file?

Yes

1.8. If yes, have there been any client complaints for any of the representatives under your supervision?

No

1.9. If yes, do you evidence review of the Daily Activity Log in AFO on a weekly basis?

Yes

1.10. If yes, do you evidence review of the Cross Posting Record in AFO on a monthly basis?

Yes

1.11. If yes, do you evidence review of the Client Holding Record in AFO on a monthly basis?

Yes

1.12. If yes, do you evidence review of the Checks and Securities Received Log on a monthly basis?

Yes

1.13. If yes, do you review all incoming and outgoing correspondence including emails for your representatives?

Yes

1.14. If yes, do you understand that you have the final responsibility and liability for your branch, even if you have delegated certain jobs to another registered person of the branch?

Yes

Designations

1. Have you earned any professional designations such as CFP® or CLU?

Yes

1.1. If yes, please list all earned and active designations:

- Certified Financial Planner Chartered Financial Consultant

1.2. If yes, are any of the designations earned "Senior Centric"?

No

Respondent: RICHARD SCHMERMAN
Address: 5312 N 12TH ST
STE 301
PHOENIX , AZ , 85014
Phone: 602-224-6040
Email: RMSCHMERMAN@UNITEDPLANNERS.COM
Date Completed: 2008-10-21 11:56:06.913

2008 Investment Advisory Questionnaire

2008 Investment Advisory Questionnaire

1. Are you associated with the UPFSA Investment Adviser?
Yes

1.1. If yes, have you read and understand the UPFSA IA Policy and Procedures manual?
Yes

1.2. If yes, have you read and understand the UPFSA Code of Ethics?
Yes

1.3. Do you, your spouse, or any person that you provide financial support to have a personal brokerage account?
Yes

1.3.1. If yes, do you provide the Compliance Department with a Quarterly Personal Transaction Report (QPTR) within 30 days of the end of the calendar quarter?
Yes

1.3.2. If yes, do you provide the Compliance Department with an Account Holding Page within the first 30 days of the calendar year?
Yes

1.3.3. If yes, list the firms that custody these accounts including the account registration and account number(s).
- Charles Schwab

1.4. Do you utilize discretion with any advisory accounts?
No

1.5. Do you compensate any solicitors?
No

1.6. Do you provide advisory or investment management services to accounts subject to ERISA (including 401(k) accounts)?
Yes

1.6.1. If yes, have you completed the UPFSA ERISA training program?
No

1.7. Do you engage in aggregated (block) trading for accounts under management?

Yes

1.7.1. If yes, do you create a written allocation statement indicating the proposed allocation prior to the placing of the aggregated order?

Yes

1.7.2. If the aggregated trade is not filled by day-end, do you ensure that trades are allocated among your clients in accordance with UPFSA's allocation policy requiring a pro-rata allocation?

Yes

2. Are you an independent investment adviser?

No

3. What percentage of time do you spend conducting investment advisory activities?

75-100%

4. Do you custody any advisory accounts outside a Pershing IPLAN or UPLAN office range?

Yes

4.1. If yes, list the custodian and if the account is designated as an advisory account.

- Schwab
- Fidelity

5. Do you use 3rd party money managers?

No

6. Please list total number of assets under management:

- $23,000,000

7. Do you maintain a list of all advisory accounts?

Yes

7.1. Please list total number of accounts:

- 325

8. Do you maintain a list of all terminated IA clients?

Yes

9. Do you maintain a list of all clients that have requested the Form ADV, the version sent, the date requested and the date sent?

Yes

10. Do you maintain a list of all clients that have requested a copy of the Privacy Policy and the date requested and sent?

Yes

11. Please check all items that relate to the investment advisory services that you offer:

- Financial Planning

- Investment Management
- Tax Planning
- Hourly Consulting

12. Do you create consolidated statements or performance reports (not including Albridge)?

Yes

12.1. If yes, has the format been approved by the UPFSA Compliance Department?

Yes

13. Do you prepare financial plans?

Yes

13.1. If yes, do you use financial software provided by a third party?

No

Trax

Respondent: RICHARD SCHMERMAN
Address: 5312 N 12TH ST
STE 301
PHOENIX , AZ , 85014
Phone: 602-224-6040
Email: RMSCHMERMAN@UNITEDPLANNERS.COM
Date Completed: 2009-12-14 14:04:00.347

2009 Annual Compliance Questionnaire

U-4 Form Updates

1. **Has your home address or business address changed in the last year?**
   No

2. **In the past year have you been the subject of any oral or written customer complaints?**
   No

3. **In the past year have you been involved in any type of regulatory inquiry or investigation (SEC, FINRA, and State)?**
   No

4. **In the past year have you been sanctioned by a regulatory body (SEC, FINRA, or state)?**
   No

5. **In the past year have you been involved in any investment-related civil litigation, arbitration or administrative proceeding?**
   No

6. **In the past year have any judgments or tax liens been entered against you?**
   No

7. **In the past year have you or any organization that you controlled filed for voluntary bankruptcy or entered into a compromise with creditors?**
   No

8. **In the past year have you ever been arrested, arraigned, charged or indicted for any criminal offense (except for minor traffic violations)?**
   No

9. **In the past year have you been convicted of, or pled guilty or no contest to any felony?**
   No

10. **In the past year have you been convicted of, or pled guilty or no contest to any misdemeanor involving investments, any investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting or extortion?**
    No

11. **While associated with the firm, have you legally changed your name?**

ACC007722
FILE#8145

No

Private Securities Transactions (Any product not offered by the firm, not listed on an exchange, etc.)

1. While associated with the firm, have you engaged in any private securities transactions?

No

Outside Securities Transactions

1. Do you, your spouse, or any person that you provide financial support to have a brokerage account?

Yes

1.1. If yes, List the firms that custody these accounts including the account registration and account number(s).

- Charles Schwab Smith Barney

1.2. If yes, have you received approval from the United Planners' Compliance Department to maintain such account(s)?

Yes

Sales Practices

1. Do you provide your clients with a current prospectus prior to or at the time of sale?

Yes

2. Do you circle, highlight, underline or otherwise alter any part of a prospectus before giving it to or discussing it with a client?

No

3. Do you explain a variable product's fee structures, risks, long-term nature, surrender charges and other relevant information to all clients prior to or at the time of sale of a variable product?

Yes

4. Have you affected any annuity exchange where the policy that was surrendered was held less than 36 months?

No

5. In connection with sales of mutual funds, do you explain the difference between fund share classes (A, B and C) and the charges and fees associated with each?

Yes

6. In connection with the sale of mutual funds, do you explain the risks and long-term nature of the investment prior to or at the time of sale of the fund to the client?

Yes

7. Do you advise clients of mutual fund breakpoints and maintain documentation in your files evidencing that you have done so?

Yes

8. Have you purchased class B mutual fund shares for clients, with an aggregate total over $100,000 per household?

No

9. Have you purchased class C mutual fund shares for clients, with an aggregate total over $250,000 per household?

No

10. Do you recommend individual stocks or bonds to your clients?

Yes

10.1. If yes, do you conduct research on the securities you recommend?

Yes

10.1.1. If yes, list the sources of your research:

- Trade Publications, Investment Letters, Business Periodicals, Individual Company Analysis, Brokerage Firm Publications

11. Do you exercise discretionary trading authority for any of your client's accounts?

No

12. Do you take steps to make sure that all securities products that you recommend to your clients are suitable in light of their investment objectives, financial situation and investment experience?

Yes

13. While associated with the firm, have you used or disseminated material insider information?

Yes

14. Have you ever signed another person's name to a document under any circumstance?

No

15. Have you ever obtained pre-signed documents from a client and completed the information at a later time?

No

16. While associated with the firm, have you guaranteed a client against loss in connection with any securities transaction?

No

17. While associated with the firm, have you ever promised or paid money to a client in connection with a securities transaction?

No

18. While associated with the firm, have you solicited or accepted a loan from or made a loan to a client for any reason (other than accounts belonging to immediate family members whom you have disclosed to the firm)?

No

19. While associated with the firm, have you commingled your funds with a client's funds?

No

20. While associated with the firm, have you accepted a financial interest in or shared in any profits or losses in a client's account (other than accounts belonging to immediate family members whom you have disclosed to the firm)?

No

21. While associated with the firm, have you shared commissions from any securities transaction for a client's account?

No

22. Have you given or received a gift that is valued in excess of $100 annually?

No

23. Have you purchased shares of a Hot Issue (securities sold at a premium over the public offering price on the first day of trading) in an account in which you have a financial interest?

No

24. Do you sell penny stocks (Securities not listed on a major exchange and priced under $5)?

No

25. Do you create and disseminate consolidated statements to clients (not including Albridge)?

No

26. Do you prepare financial plans?

Yes

26.1. If yes, do you use financial software provided by a third party?

No

27. While associated with the firm, have you accepted a client's check made payable to you (or any entity or person associated with you) for a securities or insurance transaction?

No

28. While associated with the firm, have you accepted cash, a cashier's check in an amount under $10,000, or a money order from a client?

No

29. While associated with the firm, have you sold any security or insurance product to a client who resides in a state in which you are not licensed?

No

30. Please select the securities licenses that you currently hold:

S7

31. Do you verify that all products are on the United Planners' approved list prior to solicitation?

Yes

32. Do you sell Equity Index Annuities (EIA)?

No

Business Practices

1. Do you ensure that all new account documents (New Account Forms, trust documents, corporate resolutions, etc.), including appropriate disclosure and acknowledgement forms are fully and accurately completed prior to or at the time of opening a client's account?

Yes

2. Do you promptly update client new account documentation in AFO when you learn of changes in a client's circumstances?

Yes

3. **Do you verify and record each account owner's identification from an unexpired, government-issued photo ID for all new accounts?**

   Yes

4. **Do you ensure the timely execution of orders to purchase or liquidate client securities?**

   Yes

5. **Do you ensure that all customer checks and stock certificates are transmitted no later than the business day following the day on which they are received?**

   Yes

6. **Do you review the eBlotter exception report on a regular basis and ensure that all trades are being blottered correctly?**

   Yes

7. **Do you maintain complete client files, including copies of all order forms/memoranda, applications, New Account Forms, checks, confirms, disclosure forms, statements, and notes for your securities clients?**

   Yes

8. **Do you maintain centralized files, including: Cash/Non-cash Compensation, Complaint, Correspondence, Advertising, Check/Securities Received Log, Speaking Engagement etc.?**

   Yes

9. **Do you ensure that initial payments, premiums and other additional payments are only made by a check made payable to the product sponsor or clearing firm?**

   Yes

10. **Do you ensure that all original documentation and payment for securities business are sent to your OSJ?**

    Yes

11. **Do you obtain appropriate documentation and disclosures in connection with a client's replacement of one insurance product for another (Annuity Comparison Form, Acknowledgement Form, etc.)?**

    Yes

12. **Do you obtain an Investment Transfer Form in connection with a transfer from one investment company security to another (i.e. mutual funds, variable annuities, DPP/REITS excluding transfers between funds within the same fund family)?**

    Yes

13. **Do you promptly deliver all issued variable product contracts to clients?**

    N/A

14. **Do you provide copies of all documents signed by a customer to that customer for their records and maintain copies of those documents in your file in accordance with United Planners' procedures?**

    Yes

15. **Do you have access to all regulatory manuals (FINRA, MSRB) and United Planners Policies and Procedures Manual?**

    Yes

16. **Do you conduct any municipal securities business (including 529 Plans)?**

Yes

16.1. If yes, do you have this business reviewed by a Municipal Securities Principal?

Yes

17. Do you have access to the United Planners' Policies and Procedures Manual online in your office or in a hard copy?

Yes

18. Have you read and understand the United Planners' Policies and Procedures Manual?

Yes

19. Have you read and understand the Anti-Money Laundering procedures set in place by United Planners'?

Yes

20. Do you have a Disaster Recovery Program in place?

Yes

20.1. If yes, does everyone in your branch office understand how to use this program in case of emergency?

Yes

21. Do you participate in cold calling?

No

22. Do you have any Non-Registered Assistants working for you?

Yes

22.1. If yes, please list their names:

- Amy Montaldo, Megan Smallwood

22.2. If yes, have you submitted fingerprint cards to the home office for all Non-Registered Assistants prior to granting them access to client information?

Yes

23. Have you had any Non-Registered Assistants cease working at your office within the last year?

No

24. Do you have any Registered Assistants that work in your office?

No

Communications with the Public

1. Do you only use advertising or sales literature that has been approved by the firm's Compliance Department?

Yes

2. Is the address that you hold out to the public a Registered Branch Office with FINRA?

Yes

3. Are you only using business cards and letterhead that have been approved by the United Planners' Compliance Department?

Yes

4. **While associated with the firm, have you used direct mail and/or mass mailing?**
   No

5. **Do you use e-mail to communicate with your customers regarding securities or advisory services?**
   Yes

5.1. **If yes, do you maintain copies of all e-mail communications in hard copy in your correspondence file or in a designated electronic file on your computer?**
   Yes

5.2. **Do you use an e-mail other than your United Planners e-mail address (excluding personal email)?**
   No

5.3. **Is the independent email hosted by United Planners?**
   No

6. **Do you maintain a website that refers or relates to securities or advisory services?**
   No

7. **Have you published a Yellow Pages advertisement which makes reference to any security products or services?**
   No

8. **Have you placed any advertisement or listing of your name on any Internet webpage or conducted any business on behalf of the firm over the Internet?**
   No

9. **Do you have written procedures in place to handle incoming correspondence?**
   Yes

10. **Do you have written procedures in place to handle outgoing correspondence?**
    Yes

Safeguarding Client Information

1. **Does your office maintain procedures preventing physical access to client information (i.e. locking filing cabinets, office doors, building alarm etc.)?**
   Yes

2. **Does your office maintain a "clean desk" policy whereby no client information is left unattended or unsecured during non-business hours?**
   No

3. **Do you share any office space/common areas with anyone not affiliated with United Planners?**
   No

4. **Are all of your office internet connections, including wireless, adequately secure and encrypted to protect non-public client information?**
   Yes

ACC007728
FILE#8145

5. Do all office computers have passive password protection robust enough to prevent unwanted access to non-public client information?

Yes

6. Are all other mobile storage devices such as USB Flash drive, portable hard drives, laptops, etc. encrypted and password protected to ensure security of non-public client information?

Yes

7. Does your office utilize offsite storage for either physical or electronic books and records including client files?

Yes

7.1. If yes, does the third party have adequate security and encryption protocols designed to safeguard the integrity and privacy of non-public client information?

Yes

7.1.1. If yes, please list the names of all third party storage providers:

- All State Storage Units

Supervisory Responsibilities

1. Are you an OSJ Manager?

Yes

1.1. If yes, do you have any Registered Representatives reporting to you?

No

1.2. If yes, do you have any Satellite Branch Offices reporting to you?

No

1.3. If yes, are you properly licensed to supervise all of the Representatives who report to you?

Yes

1.4. If yes, are you registered in all the same states as your Representatives?

Yes

1.5. If yes, do you review the accuracy and integrity of all New Account Forms for representatives that report to you?

Yes

1.6. If yes, do you review all transactions processed by representatives that report to you?

Yes

1.7. If yes, do you have Signature Guarantee privileges?

No

1.8. If yes, have there been any client complaints for any of the representatives under your supervision?

No

1.9. If yes, do you evidence review of the Daily Activity Log in AFO on a weekly basis?

Yes

1.10. If yes, do you evidence review of the Cross Posting Record in AFO on a monthly basis?

Yes

1.11. If yes, do you evidence review of the Client Holding Record in AFO on a monthly basis?

Yes

1.12. If yes, do you evidence review of the Checks and Securities Received Log on a monthly basis?

Yes

1.13. If yes, do you evidence review of all incoming and outgoing correspondence including emails for your representatives?

Yes

1.14. If yes, do you understand that you have the final responsibility and liability for your branch, even if you have delegated certain jobs to another registered person of the branch?

Yes

Designations

1. Have you earned any professional designations such as CFP® or CLU?

Yes

1.1. If yes, please list all earned and active designations:

- CFP, ChFC

1.2. If yes, are any of the designations earned "Senior Centric"?

No

Notes Section

1. Do you have any comments to any of the answers that you made in this questionnaire?

No

Trax

Respondent: RICHARD SCHMERMAN
Address: 5312 N 12TH ST
STE 301
PHOENIX , AZ , 85014
Phone: 602-224-6040
Email: RMSCHMERMAN@UNITEDPLANNERS.COM
Date Completed: 2009-12-14 14:08:19.64

2009 Investment Advisory Questionnaire

2009 Investment Advisory Questionnaire

1. Are you an Investment Advisory Representative of UPFSA's Registered Investment Advisor?

Yes

1.1. If yes, have you read and understand the UPFSA IA Policy and Procedures manual?

Yes

1.2. If yes, have you read and understand the UPFSA Code of Ethics?

Yes

1.3. Do you, your spouse, or any person that you provide financial support to have a personal brokerage account?

Yes

1.3.1. If yes, do you provide the Compliance Department with a Quarterly Personal Transaction Report (QPTR) within 30 days of the end of the calendar quarter?

Yes

1.3.2. If yes, do you provide the Compliance Department with an Account Holding Page within the first 30 days of the calendar year?

Yes

1.3.3. If yes, list the firms that custody these accounts including the account registration and account number(s).

- Charles Schwab 78681926

1.4. Do you utilize discretion with any advisory accounts?

No

1.5. Do you compensate any solicitors?

No

1.6. Do you provide advisory or investment management services to accounts subject to ERISA (including 401(k) accounts)?

Yes

1.6.1. If yes, have you read, understood and complied with the ERISA policies and procedures as outlined in the United Planners IA Policies and Procedures Manual?

Yes

ACC007731
FILE#8145

1.7. Do you engage in aggregated (block) trading for accounts under management?

Yes

1.7.1. If yes, do you create a written allocation statement indicating the proposed allocation prior to the placing of the aggregated order?

Yes

1.7.2. If the aggregated trade is not filled by day-end, do you ensure that trades are allocated among your clients in accordance with United Planners' allocation policy requiring a pro-rata allocation?

Yes

2. Are you affiliated with an independent Registered Investment Advisor?

No

3. Do you custody any advisory accounts outside a Pershing Advisory account range?

Yes

3.1. If yes, list the custodian.

- Schwab
- Fidelity

4. Do you use third party money managers?

No

5. Please list total number of assets under management:

- $20,000,000

6. Do you maintain a list of all advisory accounts?

Yes

6.1. Please list total number of accounts:

- 270

7. Do you maintain a list of all terminated IA clients?

Yes

8. Do you maintain a list of all clients that have requested the Form ADV, the version sent, the date requested and the date sent?

Yes

9. Do you maintain a list of all clients that have requested a copy of the Privacy Policy and the date requested and sent?

Yes

10. Please check all items that relate to the investment advisory services that you offer:

- Financial Planning
- Investment Management
- Tax Planning

- Hourly Consulting

11. Do you create consolidated statements or performance reports (not including Albridge)?

Yes

11.1. If yes, has the format been approved by the United Planners Compliance Department?

Yes

12. Do you prepare financial plans?

Yes

12.1. If yes, do you use financial software provided by a third party?

No

LPL Financial

4828 Parkway Plaza Drive
Charlotte, NC 28217

800-277-7700 *office*
980-321-1018 *fax*

November 30, 2010

VIA FEDEX
Mr. Phong (Paul) Huynh
Staff Attorney
Securities Division
Arizona Corporation Commission
1300 West Washington, Third Floor
Phoenix, AZ 85007

Re: Richard M. Schmerman, CRD# 1302988

Dear Mr. Huynh:

This letter shall be the response of LPL Financial LLC ("LPL") to Arizona Corporation Commission, Securities Division, request letter, dated November 10, 2010, concerning the above-referenced matter. The responses below are organized in the same manner as your letter.

1. ***All documents identifying the individuals and entities that are investment advisory clients of Schmerman and/or Diversified Financial ("DF"), including any individuals or entities in which you have discretionary trading authority. Include the name, address and phone number.***

   Mr. Richard Schmerman was an independent Registered Investment Advisor, therefore his investment advisory business was not conducted through Mutual Service Corporation.

2. ***All documents, contracts or agreements between any person or entity identified in paragraph 1 and Schmerman and/or DF, including but not limited to account applications, services contracts, power of attorney, fee agreements and related documents;***

   There are no responsive documents.

3. ***Summary of accounts or account statements for all persons or entities identified in paragraph 1.***

   There are no responsive documents.

4. ***All documents and records related to any investigation of Mr. Schmerman including, but not limited to, any investigative reports, memoranda, bank statements and interview notes.***

   There are no responsive documents.

5. ***Correspondence and documents received from and provided to FINRA and/or any enforcement agency.***

   There are no responsive documents.

ACC001311
SCHMERMAN
FILE#8145

EXHIBIT
S-16a
ADMITTED

4828 Parkway Plaza Drive
Charlotte, NC 28217

800-277-7700 *office*
980-321-1018 *fax*

6. ***All documents, reports, correspondence and files concerning customer complaints.***

   The Firm is not aware of any customer complaints relating to Mr. Schmerman.

7. ***All Forms U4, U5 and U-6 amendments regarding Mr. Schmerman.***

   Please see enclosed **Exhibit A**.

8. ***The firm's written supervisory procedures or manuals in effect at the time of the allegations for this activity. Include copies of Mr. Schmerman's acknowledgement or receipt of such supervisory procedures or manuals, if applicable.***

   The Firm is not aware of the referenced allegations. However, we have provided in Exhibit B a copy of the Compliance Manual and Written Supervisory Procedures in effect during Mr. Schmerman's registration with Mutual Service Corporation.

9. ***A copy of any written statements or responses obtained from Mr. Schmerman in regards to the allegations or complaints***

   There are no responsive documents.

10. ***Copies of any examinations or audits performed by MSC on Mr. Schmerman. Include the date of the examination or audit, all related reports, documents and memoranda associated.***

    Please see enclosed **Exhibit C**.

11. ***Copy of MSC's examination or audit policy, if any, regarding associated investment advisory representatives in effect for the period of Mr. Schmerman's association with MSC.***

    Please see Section 3.1, Branch and Internal Inspection, of the Written Supervisory Procedures dated 9/1/2007, in enclosed **Exhibit B.**

If you have any questions regarding the foregoing, or if you require additional information in this regard, please feel free to contact me at 800-277-8802, ext. 4872.

Regards,

Jody Russell

Jody Russell
Sr. Regulatory Analyst

ACC001312
SCHMERMAN
FILE#8145

Enclosures

LPL Financial and UVEST Financial Services are affiliated organizations and members FINRA/SIPC.

LPL FINANCIAL

NA

LH31200F0309348505

ACC001313
SCHMERMAN
FILE#8145

700MB

LPL Financial

4828 Parkway Plaza Drive
Charlotte, NC 28217

800-277-7700 *office*
980-321-1018 *fax*

May 2, 2011

VIA EMAIL (phuynh@azcc.gov)
Mr. Phong (Paul) Huynh
Staff Attorney
Securities Division
Arizona Corporation Commission
1300 West Washington, Third Floor
Phoenix, AZ 85007

Re: Richard M. Schmerman, CRD# 1302988

Dear Mr. Huynh:

This letter shall be the response of LPL Financial LLC ("LPL") to Arizona Corporation Commission's request letter dated April 8, 2011, concerning the above-referenced matter.

1. ***From January 1, 2005 to present, please provide all account opening documents and statements for Richard M. Schmerman (D/O/B [redacted] and account number [redacted] 1124.***

   Please see Exhibit A. A reasonable search was conducted to locate all requested documents. No responsive documents were withheld.

2. ***Please also provide a list of any and all other accounts that are in the name of and/or control of Richard M. Schmerman for the timeframe listed above.***

   Please see Exhibit B.

If you have any questions regarding the foregoing, or if you require additional information in this regard, please feel free to contact me at 800-277-8802, ext. 4872.

Regards,

Jody Russell
Sr. Regulatory Analyst

Enclosures

ACC007970
File #8145

EXHIBIT
S-16b
ADMITTED

LPL Financial and UVEST Financial Services are affiliated organizations and members FINRA/SIPC.

ACC007969
File #8145

DMB • 8

One Clearlake Centre, Suite 1800
250 Australian Avenue South
West Palm Beach, FL 33401
800 749-8900
561 835-1920 fax
www.mutualservice.com
Member NASD and SIPC

Mutual Service
CORPORATION

BR # 490
DATE Form U-5
FIRST Richard
LAST Schmerman
REP # 5418

March 13, 2008

Richard M. Schmerman
[redacted]
[redacted] AZ [redacted]

Richard:

Enclosed is a copy of the Uniform Termination Notice (U-5 form) which was submitted to the Financial Industry Regulatory Authority (FINRA) terminating your securities licenses with Mutual Service Corporation (MSC) effective as of **03/13/2008**. This letter serves as official notice of your termination and to provide you with information that may be helpful in concluding your business affairs with MSC.

Termination Fee
MSC charges a **$40** termination fee for the Form U5 processing with FINRA. If we did not receive your payment at the time of this filing, MSC will automatically debit your commissions. If you have any questions concerning this fee, please contact the Registration Department at **extension 61**.

Prohibited Practices
At the effective date of your termination you may no longer present yourself as a representative or agent of MSC. You are obligated to inform your clients in writing that your association with this firm is terminated. You must immediately destroy and refrain from all advertising, business cards, and stationery that imply a relationship with MSC. **If you have a MSC signature guarantee stamp you must return it to the Registration Department as soon as you terminate from MSC. All commissions will be on a permanent hold unless the home office has received your stamp.** Any misrepresentation of your relationship to MSC when dealing with clients is a violation of securities regulations.

Commissions
MSC allows 60 days, following the effective date of your termination, for you to transfer customer accounts (direct and Pershing) to your new broker-dealer. Commissions received during the 60-day period will be held for an additional 30 days by MSC, offsetting any chargebacks and commission reclamation which may occur during the transfer of accounts. Commissions received on trades subsequent to your termination will not be accepted by MSC and will not be paid to you. The payout level which will be applied to the commissions received will be the pay out rate in effect at termination or 75%, whichever is lower. You may continue to view your commission statement, updated daily, on the MSC Internet website at www.mutualservice.com and make your final commission deposit at the end of the 90 days. Commissions, including trail commissions and administrative service fees received after 60 days from your effective termination date will not be paid. Details regarding the payment of commissions subsequent to termination may be found on page II.27 of MSC's Policies & Procedures Manual.

EXHIBIT
S-12
ADMITTED

GROUPS/REG/TERMED MSC REPS

	Rev. Form U5 (10/2005)
SCHMERMAN, RICHARD MARK : 1302988	SSN # : [redacted]
MUTUAL SERVICE CORPORATION : 4806	Reference #: 773394057611DC3DB
ON-LINE COMPLETENESS CHECK	

U5 ON - LINE COMPLETENESS CHECK PASSED SUCCESSFULLY.

FORM U5
UNIFORM TERMINATION NOTICE FOR SECURITIES INDUSTRY REGISTRATION

U5 - FULL
03/13/2008

Rev. Form U5 (10/2005)

NOTICE TO THE INDIVIDUAL WHO IS THE SUBJECT OF THIS FILING

Even if you are no longer registered you continue to be subject to the jurisdiction of regulators for at least two years after your registration is terminated and may have to provide information about your activities while associated with this firm. Therefore, you must forward any residential address changes for two years following your termination date or last Form U5 amendment to: CRD Address Changes, P.O. Box 9495, Gaithersburg, MD 20898-9495.

1. GENERAL INFORMATION

First Name: RICHARD	**Middle Name:** MARK	**Last Name:** SCHMERMAN	**Suffix:**
***Firm* CRD #:** 4806	***Firm* Name:** MUTUAL SERVICE CORPORATION	***Firm* NFA #:**	
***Individual CRD #*:** 1302988	**Individual SSN:** [redacted]	**Individual NFA #:**	**Firm Billing Code:** 490

Office of Employment Address

CRD Branch #	NYSE Branch Code #	Firm Billing Code	Address	Private Residence	Type of Office	Start Date	End Date
102127		490	5312 N 12TH STREET SUITE 301 PHOENIX , AZ 85014 UNITED STATES	N	Located At	03/31/1999	03/12/2008

Rev. Form U5 (10/2005)

2. CURRENT RESIDENTIAL ADDRESS

NOTICE TO THE FIRM

This is the last reported residential address. If this is not current, please enter the current residential address.

From	To	Street	City	State	Country	Postal Code
11/1991	PRESENT	[redacted]	[redacted]	AZ	United States	[redacted]

Rev. Form U5 (10/2005)

3. FULL TERMINATION

Is this a *FULL TERMINATION*? ◉ **Yes** ○ **No**
Note: A "Yes" response will terminate ALL registrations with all *SROs* and all *jurisdictions*.

Reason for Termination: Voluntary * Provide an explanation below

Rev. Form U5 (10/2005)

4. DATE OF TERMINATION

Date Terminated (MM/DD/YYYY): 03/12/2008
A complete date of termination is required for full or partial termination. This date represents the actual date that the termination of registration is effective.

Rev. Form U5 (10/2005)

6. AFFILIATED FIRM TERMINATION

No Information Filed

Rev. Form U5 (10/2005)

7. DISCLOSURE QUESTIONS

IF THE ANSWER TO ANY OF THE FOLLOWING QUESTIONS IN SECTION 7 IS 'YES', COMPLETE DETAILS OF ALL EVENTS OR PROCEEDINGS ON APPROPRIATE DRP(S). IF THE INFORMATION IN SECTION 7 HAS ALREADY BEEN REPORTED ON FORM U4 OR FORM U5, DO NOT RESUBMIT DRPs FOR THESE ITEMS. REFER TO THE EXPLANATION OF TERMS SECTION OF FORM U5 INSTRUCTIONS FOR EXPLANATION OF ITALICIZED WORDS.

Investigation Disclosure

		YES	NO
7A.	Currently is, or at termination was, the individual the subject of an *investigation* or *proceeding* by a domestic or foreign governmental body or *self-regulatory organization* with jurisdiction over *investment-related* businesses? (Note: Provide details of an *investigation* on an Investigation Disclosure Reporting Page and details regarding a *proceeding* on a Regulatory Action Disclosure Reporting Page.)	○	●

Internal Review Disclosure

		YES	NO
7B.	Currently is, or at termination was, the individual under internal review for fraud or wrongful taking of property, or violating *investment-related* statutes, regulations, rules or industry standards of conduct?	○	●

Criminal Disclosure

		YES	NO
7C.	While employed by or associated with your *firm*, or in connection with events that occurred while the individual was employed by or associated with your *firm*, was the individual:		
1.	convicted of or did the individual plead guilty or nolo contendere ("no contest") in a domestic, foreign or military court to any *felony*?	○	●
2.	*charged* with any *felony*?	○	●
3.	convicted of or did the individual plead guilty or nolo contendere ("no contest") in a domestic, foreign or military court to a *misdemeanor involving*: investments or an *investment-related* business, or any fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses?	○	●
4.	*charged* with a *misdemeanor* specified in 7(C)(3)?	○	●

Regulatory Action Disclosure

		YES	NO
7D.	While employed by or associated with your *firm*, or in connection with events that occurred while the individual was employed by or associated with your *firm*, was the individual *involved* in any	○	●

disciplinary action by a domestic or foreign governmental body or *self-regulatory organization* (other than those designated as a "*minor rule violation*" under a plan approved by the U.S. Securities and Exchange Commission) with jurisdiction over the *investment-related* businesses?

Customer Complaint/Arbitration/Civil Litigation Disclosure

		YES	NO
7E. 1.	In connection with events that occurred while the individual was employed by or associated with your *firm*, was the individual named as a respondent/defendant in an *investment-related*, consumer-initiated arbitration or civil litigation which alleged that the individual was *involved* in one or more *sales practice violations* and which:		
(a)	is still pending, or;	○	◉
(b)	resulted in an arbitration award or civil judgment against the individual, regardless of amount, or;	○	◉
(c)	was settled for an amount of $10,000 or more.	○	◉
2.	In connection with events that occurred while the individual was employed by or associated with your *firm*, was the individual the subject of an *investment-related*, consumer-initiated complaint, not otherwise reported under question 7(E)(1) above, which alleged that the individual was *involved* in one or more *sales practice violations*, and which complaint was settled for an amount of $10,000 or more?	○	◉
3.	In connection with events that occurred while the individual was employed or associated with your *firm*, was the individual the subject of an *investment-related*, consumer-initiated, written complaint, not otherwise reported under questions 7(E)(1) or 7(E)(2) above, which:		
(a)	would be reportable under question 14I(3)(a) on Form U4, if the individual were still employed by your *firm*, but which has not previously been reported on the individual's Form U4 by your *firm*; or	○	◉
(b)	would be reportable under question 14I(3)(b) on Form U4, if the individual were still employed by your *firm*, but which has not previously been reported on the individual's Form U4 by your *firm*.	○	◉

Termination Disclosure

		YES	NO
7F.	Did the individual voluntarily *resign* from your firm, or was the individual discharged or permitted to *resign* from your firm, after allegations were made that accused the individual of:		
1.	violating *investment-related* statutes, regulations, rules or industry standards of conduct?	○	◉
2.	fraud or the wrongful taking of property?	○	◉
3.	failure to supervise in connection with *investment-related* statutes, regulations, rules or industry standards of conduct?	○	◉

Rev. Form U5 (10/2005)

8. SIGNATURE

Please Read Carefully

All signatures required on this Form U5 filing must be made in this section.

A "Signature" includes a manual signature or an electronically transmitted equivalent. For purposes of an electronic form filing, a signature is effected by typing a name in the designated signature field. By typing a name in this field, the signatory acknowledges and represents that the entry constitutes in every way, use, or aspect, his or her legally binding signature.

FIRM ACKNOWLEDGMENT

8A. This section must be completed on all U5 form filings submitted by the *firm*.

INDIVIDUAL ACKNOWLEDGMENT AND CONSENT

8B. This section must be completed on amendment U5 form filings where the individual is submitting changes to Part II of the INTERNAL REVIEW DRP or changes to Section 2 (CURRENT RESIDENTIAL ADDRESS).

8A. FIRM ACKNOWLEDGMENT

I VERIFY THE ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED IN AND WITH THIS FORM.

Person to contact for further information
JOANNE BROWN

Telephone # of person to contact
561-835-4100

Signature of *Appropriate Signatory*
AMY L. BETTS
Signature Amy Ann Betts

Date (MM/DD/YYYY)
03/13/2008

Rev. Form U5 (10/2005)

INVESTIGATION DRP

No Information Filed

Rev. Form U5 (10/2005)

INTERNAL REVIEW DRP

No Information Filed

Rev. Form U5 (10/2005)

CRIMINAL DRP

No Information Filed

Rev. Form U5 (10/2005)

TERMINATION DRP

No Information Filed

Rev. Form U5 (10/2005)

REGULATORY ACTION DRP

No Information Filed

Rev. Form U5 (10/2005)

CUSTOMER COMPLAINT/ARBITRATION/CIVIL LITIGATION DRP

No Information Filed

DIVERSIFIED FINANCIAL

5312 North 12th Street Suite 301 Phoenix, Arizona 85014
(602) 224-6040 (602) 957-4845 Fax (602) 266-5307

Richard M. Schmerman, CFP, ChFC
Licensed Investment Advisor
Tax Planning and Portfolio Management

Fax Cover Sheet

Date: 03-12-2008

To: Rody Macdonald
Mutual Service Corporation Compliance

Fax #: (561) 835-6791

From: Rick Schmerman

Phone #: (602) 224-6040
(602) 224-2495

Fax #: (602) 266-5307

Message: Letter you Requested

Pages including cover: 2

Securities Offered Through Mutual Service Corporation
Member NASD/SIPC

Rec'd 3/13/08

DIVERSIFIED FINANCIAL

5312 North 12th Street Suite 301 Phoenix, Arizona 85014
(602) 224-6040 (602) 957-4845 Fax (602) 266-5307

Richard M. Schmerman, CFP, ChFC
Licensed Investment Advisor
Tax Planning and Portfolio Management

March 12, 2008

Mutual Service Corporation
Compliance Department
Attn: Randy Macdonald

Dear Randy,

This is to inform you that I am resigning as a registered representative and terminating my OSJ affiliation with Mutual Service Corporation.

Sincerely,

Richard M. Schmerman
(Representative Number 5418, Branch Office Number Phoenix 490)

Securities Offered Through Mutual Service Corporation
Member NASD/SIPC
Diversified Financial is not affiliated with Mutual Service Corporation

Composite Information

Individual CRD#	1302988	Individual Name: SCHMERMAN, RICHARD M

Full Legal Name:	SCHMERMAN, RICHARD MARK			
Social Security #:	[redacted]			
Date Of Birth:	[redacted]			
Employment	**Name**	MUTUAL SERVICE CORPORATION (4806)		
	Firm Billing Code	490		
	Position	Registered Representative		
	Independent Contractor	Yes		
	CRD Branch Number	**Address**	**Firm Billing Code**	**NYSE Branch Code Number**
	102127 - Located At	5312 N 12TH STREET SUITE 301 PHOENIX, AZ 85014	490	
Residential Address	[redacted] [redacted], AZ [redacted]			
Reportable Disclosures?	The specified individual has no disclosure that qualifies under this section (i.e., disclosure required to be reported on Form U4 or Form U5). Regulatory and Broker/Dealer Users: Please note that there are three types of disclosure in Web CRD: Reportable, Legacy and Archive disclosure. An individual with no reportable disclosure may or may not have Legacy or Archive disclosure. Investment Adviser Users: Please note that IARD does not include Legacy disclosure. Information reported on previous form filings through IARD is available under Filing History.			
Statutory Disqualification Status	Clear			
Has Material Difference in Disclosure?	No			
Current CE Status	Satisfied			

	Criminal	Regulatory Action	Customer Complaint	Other
Disclosure Counts - Current Disclosures	0	0	0	0
Disclosure Counts - Historical Disclosures	0	0	0	0

MUTUAL SERVICE
CORPORATION

One Clearlake Centre, Suite 1800
250 Australian Avenue South
West Palm Beach, Florida 33401

(561) 835-4100
(800) 749-8900

COMPLIANCE MANUAL

May 17, 2005 Version

05-17-05

EXHIBIT
S-18
ADMITTED

ACC002290
FILE#8145

INTRODUCTION

Mutual Service Corporation (MSC) is a registered broker/dealer and investment advisor whose activities are subject to the rules and regulations of the National Association of Securities Dealers (NASD), the Securities and Exchange Commission (SEC), and various state regulatory agencies. The securities and advisory services are carried out by MSC's Registered Representatives (Representatives) and their supervisors. Every Representative is assigned to a Principal who may be an Office of Supervisory Jurisdiction (OSJ) Supervisor or a Home Office Supervisor.

The purpose of this manual is to establish the procedures to be followed by the Representative in the execution of securities transactions. Thus, this manual is applicable to the functions of the Representative functions performed by an individual who is also an OSJ or Branch Manager.

MSC's Home Office is located at One Clearlake Centre, Suite 1700, 250 Australian Avenue South, West Palm Beach, FL 33401. The telephone number is 800-749-8900. The fax number is 561-835-1920. The Web site – www.mutualservice.com – contains many compliance resources.

This manual, which is available through the MSC Web site, is subject to additional updates on a regular basis.

As an MSC Representative, you are required to certify annually that you have reviewed the Compliance Manual and understand your responsibilities to comply with the established compliance procedures. Please read it carefully and often. Any questions about the Compliance Manual should be immediately directed to the MSC Compliance Department for clarification.

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1.0 GENERAL COMPLIANCE REQUIREMENTS

1.1 SUPERVISORY STRUCTURE

Every Representative is assigned to a principal that is either an Office of Supervisory Jurisdiction (OSJ) Supervisor or a Home Office Securities Principal. Home Office Principals supervise the securities business of the OSJ/Branch Manager, and oversee the supervision responsibilities of all Registered Representatives.

1.2 ANNUAL COMPLIANCE INTERVIEW

MSC requires that Representatives be present at a compliance meeting each calendar year. Representatives have the opportunity to fulfill this requirement at compliance sessions conducted at approved Workshops and Conferences. In some cases, branch office compliance examinations may fulfill this requirement. Failure to comply with this requirement could be grounds for termination of a Representative's registration with MSC. It is every Representative's responsibility to ensure that this NASD obligation is satisfied. Attendance is evidenced on sign-up sheets circulated at each meeting, and maintained by the Compliance Department. In certain circumstances, this requirement may not be met, despite all reasonable efforts to complete the requirement. In such circumstances, a request for a Waiver Form will need to be completed and approved by the Compliance Department. All requests must be provided in writing to ensure that the proper review may be conducted. Representatives hired after July 1st are not required to fulfill the Compliance Session requirement for that calendar year.

1.3 CONTINUING EDUCATION PROGRAM

All MSC Representatives are subject to the NASD continuing education (CE) program, which includes the NASD component ("Regulatory Element") and the MSC component ("Firm Element").

A. **Regulatory Element** -The Regulatory Element focuses on compliance, regulatory, ethical, business, and sales practice standards. The requirement asserts that all Registered Representatives participate in this computer-based training program, which employs a sequence of realistic situations and interactive instruction. The registration section of this manual contains details regarding the Regulatory Element of Continuing Education.

B. **Firm Element** - The Firm Element focuses on continuous, industry-related and supervisory training programs for Registered Representatives. The firm is required to conduct an annual analysis of their training needs in order to develop and implement appropriate training programs. Registered persons are currently required to complete a series of reading activities, interactive computer training programs, and workshops as detailed in the following. The Firm Element requirements may change each year based upon changes in regulations, product sales, and MSC's Needs Analyses.

1. Ongoing – Designated continuing education and training articles provided by the firm should be read and retained. These materials should be maintained in the CE Reader section of the Policies & Procedures Manual.

MSC requires a total of eight continuing education credits, which can be accomplished in the following fashion. Registered Representatives are encouraged to take as much continuing education as possible. The following are only MSC's Firm Element training requirements.

a. MSC-sponsored meetings. A minimum of three and a maximum of six of these credits can be obtained at MSC-sponsored events. Under the new format, MSC offers more credit opportunities in other meeting formats.
b. SEII training courses. A minimum of two and a maximum of five of these credits count toward Firm Element. These training modules can be conveniently taken via the Internet.
c. Outside accredited affiliations. A maximum of three credits can be obtained through continuing education requirements fulfilled through CFP, CPA, ChFC, PACE, and state insurance license CEUs, with proper proof of completion supplied to MSC.

Registered Representatives are required to meet both the Firm and Regulatory Elements of the Continuing Education Program requirements as a condition for continued registration. Failure to meet the specified requirements may result in withholding of commissions or termination of registration with the firm.

While every MSC Representative has the responsibility to complete all CE Firm Element requirements, in certain circumstances, a requirement may not be met despite all reasonable efforts to complete the requirement. In such circumstances, a Request of Waiver form will need to be completed and approved by the Compliance Department. All requests must be provided in writing to ensure the proper review may be conducted. Representatives hired after July 1st are not required to fulfill the CE requirement for that year.

1.4 USE OF COMPUTER SYSTEMS AND PERSONAL COMPUTERS

The Firm considers business information to be valuable corporate assets. Employees are expected to protect corporate information from unauthorized use, disclosure, destruction, and modification.

Computer system login IDs and passwords permit access to the Firm's information systems, and identify the source of Firm transactions. Representatives must not disclose their IDs or passwords. Many Representatives now use personal computers (PCs) in the course of their business activities. Representatives have an obligation to safeguard Firm data that resides on their PCs. This requires keeping sensitive or confidential information appropriately secured, and keeping current backups. Representatives must be cautious of computer viruses, which can be imported to a PC from diskettes or connection with outside sources.

Representatives are permitted to communicate with customers via fax or electronic mail, but the requirements in Section 6.9 for prior review of outgoing correspondence must be met.

1.5 SIGNATURE GUARANTEES AND SIGNATURES BY CLIENTS

MSC is a member of the Securities Transfer Agents Medallion Program (STAMP). An OSJ/Branch Manager may apply for and utilize a Signature Guarantee Medallion. In some cases, non-OSJ representatives, that meet certain production levels and compliance standards, may request a signature guarantee stamp.

Signature Guarantees are essential to the transfer of securities. They are generally required by the fund companies for any change on a customer account. Signature guarantees are not the same as notarization, in that a signature guarantee carries along with it any financial liability, which may arise from the change being affected. In general, a guarantor warrants when guaranteeing the signature of the owner, that (1) the signature is genuine, (2) the signer is appropriate person to endorse the security or originate the instruction, and (3) the signer has the legal capacity.

This program does not allow for the optional request that Mutual Service Corporation perform the function, however you are always free to make available the services of third parties such as a commercial bank who gladly perform the services. For Mutual Service Corporation to perform this service will result in unnecessary delays in trade processing. The decision to allow a designee from each branch location to perform a signature guarantee is based on good business practice, and good compliance practice.

Signature guarantee privileges are limited to certain mutual fund and variable annuity processing, including:

- redemptions and liquidations which require signature guarantee,
- instructions for mutual fund account transfers,
- instructions for IRA or qualified account transfers,
- request for a change of address on an account, and
- requests for a check to go to an address other than the address of record for the account.

The following are the minimum criteria for authorizing the issuance of a signature guarantee stamp to be determined on a case-by-case basis. By being granted the use of a signature guarantee stamp, the OSJ/Branch Manager is agreeing to the following procedures in connection with the use of the signature guarantee stamp program.

Procedures for Using a Signature Guarantee Stamp

1. All items that are signature guaranteed must be recorded on the Signature Guarantee Log.
2. A Separate file must be maintained with all copies of material on which signatures are guaranteed.
3. The guarantee stamp and its use us authorized to Branch Managers or a Compliance Designee only. The stamp must be under control of the Branch Manager or a Compliance Designee at all times and no one other person is to have access to it. The stamp must be kept in a

lockable storage space that offers protection against any unauthorized access. Unauthorized use will cause for immediate revocation of the privilege.

4. DO NOT signature guarantee stock or bond certificates for Pershing transactions
5. The person witnessing the signature may be required to affirm or testify to the fact they know the person whose signature was guaranteed and observed the signature of the document in the event there is a problem regarding the document.
6. The signature must be witnessed on the document that has been guaranteed. The MSC Registered Representative of record must witness the signature. In those branches where there is only a Branch Manager, an employee of the Branch Manager may witness the signature.
7. Only documents related to Mutual Service Corporation business can be guaranteed and no others. This procedure is not intended to be and must not be used as a general service to all customers for any other reasons than securities related items.
8. Any fees imposed by MSC will be paid at the time this stamp is issued. These include fees to cover the cost of the stamp, a pro-rata cost of the surety bond, which is required for the participation in the Securities Transfer Agent Medallion program (STAMP) and a nominal annual Administration fee. These fees will be mutually agreed upon at the time the stamp is issued.
9. Continuation of the signature guarantee privilege is based upon compliance with these procedures and the results of review of the document at the annual or at any other branch inspection.
10. The stamp must be returned prior to the departure of the Branch Manager from association with Mutual Service Corporation. Mutual Service Corporation will sign no U-5 until the stamp has been returned. A delay in your U-5 and any existing commission can be avoided if the stamp is returned promptly.
11. Unexplained loss for the stamp could result in action by Mutual Service Corporation, including termination for cause, should the circumstances warrant such.
12. The medallion is good for an amount of up to $500,000.00. If the liquidation is for more than this amount, you will need to use separate letters totaling the amount over the $500,000.00
13. Loss of the stamp will result in a $250 assessment.

1.6 COMPLIANCE SURVEY

The Compliance Survey is an annual requirement for each Registered Representative (including those on administrative waiver). The purpose of the survey is to:

- communicate with Representatives regarding regulatory and internal policies and procedures;
- verify certain information concerning registration with MSC; and
- determine if any business activities in a Representative's practice could be a compliance violation, which could cause future regulatory problems.

The Representative's signature on the survey (or attestation page) certifies that he or she understands and agrees to all statements provided on the form. If there is a conflict or false statement found on the survey, the Representative should provide a written explanation. If the Representative does not have written approval for all of the activities the survey is disclosing, then it will be necessary to address those activities in writing to MSC's Compliance Department. It is the Representative's responsibility to make sure any activity in question has been submitted to the Com-

pliance Department for approval in writing, and that he or she receives a written approval or denial letter. The Compliance staff reviews surveys, and may contact the Representative if further clarification is necessary. Any questions arising from the survey should be communicated to the Compliance Department for clarification. Representatives hired after July 1st are not required to fulfill the requirement to submit a survey for that year.

1.7 DISCIPLINARY SANCTIONS

In order to deter violations of securities laws and regulations and of Firm policy, and to promote adherence to high standard of commercial honor and just and equitable principles of trade, MSC has established internal disciplinary sanctions that may be assessed against the Representative in the event of such violations.

Disciplinary sanctions may include one or more of the following:

- letter of caution,
- censure,
- requirement that Compliance Department approval be obtained before any transaction or certain types of transactions are executed,
- "no more business" restrictions in specific accounts,
- withholding or forfeiture of commissions,
- prohibition against advertising,
- fine,
- suspension,
- removal from supervisory position,
- suspension from recruiting authority,
- additional education or training, and
- termination of registration with MSC

Additional actions may be considered on a case-by-case basis by the Compliance Department.

1.8 INDEPENDENT CONTRACTORS – COMMISSIONS PAYABLE

A Representative is not an employee of MSC, but an independent contractor of MSC for the sale of financial products and securities. An independent contractor must conduct his business operation within the guidelines of all applicable NASD, federal, and state securities rules and regulations, as well as MSC's policies and procedures, regardless of this independent status.

MSC is required to pay all commission checks directly to the individual Representative, and will not make commission payments to professional corporations or partnerships. A Representative may not, <u>under any circumstances</u>, have payments by Mutual Service Corporation deposited into a corporate, partnership, LLC, or other account not directly in the Representative's name. No payroll taxes are withheld by MSC from the commissions. It is each Representative's responsibility to file quarterly estimated tax returns, and to file and pay self-employment taxes with the annual tax return. Each Representative is also responsible for all state and local taxes, office lease obligations, and business and personal insurance.

2.00 REGISTRATION PROCEDURES

2.1 CORPORATE REGISTRATION

Mutual Service Corporation (MSC) is a registered broker/dealer and a member of the National Association of Securities Dealers Regulation, Inc. (NASD), the Municipal Securities Rulemaking Board (MSRB), and the Securities Investors Protection Corporation (SIPC). In addition to its registration with the Securities and Exchange Commission (SEC), MSC is registered in all 50 states and the District of Columbia. MSC is also registered as an Investment Advisor with the SEC.

2.2 REGISTRATION ELIGIBILITY

In order to be considered for initial registration, MSC requires that a Representative validate a minimum production level of $100,000 in gross commissions during the previous 12 months. This amount is subject to review and change.

2.3 INITIAL REPRESENTATIVE REGISTRATION APPLICATION

To be considered for registration, the individual must complete:

- a Form U-4,
- a fingerprint card,
- a Consent Form for Pre-Hire,
- a Personal Data Sheet,
- an MSC Questionnaire,
- an MSC Outside Business Activity Questionnaire,
- an Agreement for Installment Commissions and Direct Deposit Form, and
- any other documentation deemed necessary.

These completed forms, along with a check for the appropriate registration fees, should be sent to MSC. If an OSJ Principal is nominating the Representative for registration, the OSJ Principal and the Compliance Department conduct an initial review of the application for completeness and suitability.

2.4 FINGERPRINT REQUIREMENT

According to SEC Rule 17f-2, persons associated with MSC who handle checks, money, or original books and records, or who supervise such persons, must be fingerprinted at a local police department. Keep in mind that this SEC Rule applies to the registered staff as well as the non-registered staff. The fingerprint cards should be submitted to MSC for processing. It is recommend that all persons in a branch office, regardless of their duties, be fingerprinted because it offers a good background check.

2.5 BRANCH OFFICE REGISTRATION

Each Registered Representative is assigned to a branch office. A Representative can only conduct securities business from his assigned branch office as a Representative of Mutual Service Corporation. Each location from which a Registered Representative operates, that meets the NASD's definition of a branch, should be registered with the NASD and, in most cases, the state securities agency as a branch office of Mutual Service Corporation.

Each branch office is required to designate a Branch Office Compliance Representative who is responsible for limited oversight of compliance matters and serves as liaison between his branch office and the Compliance Department.

Each registered branch office reports to either a field Office of Supervisory Jurisdiction (OSJ) office, or the home office. An OSJ branch office is supervised by an NASD Series 24 General Securities Principal. OSJ/Branch Managers are appointed by the Compliance Department after a review of the proposed principal. Each OSJ/Branch Manager receives a copy of MSC's Branch Manager Procedures. The Principal must sign an acceptance of the Branch Manager Procedures before he is appointed. Each Principal agrees to adhere to these procedures, and enforce MSC's policies in the supervision of the sales practices and activities of MSC Registered Representatives.

2.6 NASD EXAMINATION QUALIFICATIONS

The Representative must be properly qualified and licensed for the securities products being offered **BEFORE** any solicitations are made. The basic examinations available include:

A. Sales Representative:

1. Series 6 (Limited Securities Representative), which allows the Representative to transact business <u>only</u> in mutual funds, UITs, and variable insurance products.
2. Series 7 (General Securities Representative), which enables the Representative to handle stocks, bonds, mutual funds, variable products, options, REITs, and direct participation programs transactions.
3. Series 63 (Uniform Securities Agent State Law), which allows a Representative to register in each state in which he may desire to conduct business.

Note: In order to sell variable insurance products, the Representative must maintain a variable insurance license, be appointed with the insurance company providing the product, and, in some instances, meet additional state insurance licensing requirements.

Representatives holding limited licenses (e.g., Series 6) can only handle business within the scope permitted by that particular exam. For example, a Series 6 Representative must restrict his activity to investment company and variable contract products; such a Representative may not engage in any activities involving clients concerning stocks, bonds, options, etc.

B. **Supervisory Examination** -- Completion of the Series 24 (General Securities Principal) exam allows the Representative to handle supervisory responsibilities at branch office locations. In order to take this examination, the Representative must first register as a General Securities Representative (Series 7). Representatives who wish to assume supervisory functions as a principal must first apply to the MSC Compliance Department for authorization.

C. **Investment Advisor Law Examination** -- Completion of either the Series 65 or Series 66 exam is required by some states before a Representative may be registered as an investment advisor.

D. **Insurance Registration and Appointment** -- In order to conduct insurance business, a Representative must:

- Pass the appropriate state insurance examinations and be licensed for insurance sales in the states where the branch is located, and where the customer's insurance application is signed and customer is domiciled.
- Be properly appointed by the insurance carrier whose product will be sold.
- Have a valid state license from each appropriate state for each type of insurance to be sold. Most states issue three types of insurance licenses: life license, accident and health, and variable annuity.

State authorities require a variable annuity insurance license before a Representative can sell variable products. To qualify for a variable contract insurance license, the Representative must have a life or life and disability license, in addition to (at a minimum) the NASD Series 6 examination.

MSC's Registration Department will:

- Assist with Licensing corporate/agency with states where business is conducted;
- Assist with appointing corporate/agency with the insurance carrier represented;
- Provide information on the MSC website for representative insurance with individual appointment;
- Renew corporate/agency and agent licenses and appointments on a timely basis.

Once a Representative's Qualification Examination has been scheduled, he must successfully complete the exam within four months. In the event that a Representative fails to pass an examination or allows the four-month period to expire, additional fees are required for rescheduling. Furthermore, if a Representative fails to pass an exam, he must wait 30 days before rescheduling the exam. Failure to pass an examination on the third attempt may be grounds for termination of registration.

2.7 EXAMINATION FEES

MSC requires that a Representative reimburse the company for all registration or examination fees that are incurred on the Representative's behalf. Whenever possible, the Representative is

informed of the requirement for reimbursement prior to the expense being incurred, and the Representative is expected to remit payment promptly. If the obligation is not satisfied promptly, MSC reserves the right to offset any unsatisfied reimbursement request against a Representative's commissions.

2.8 STATE REGISTRATION REQUIREMENTS

MSC is currently licensed to sell securities in all 50 states and the District of Columbia. All but the following states require that a Representative pass the Series 63 examination (subject to change at any time):

Colorado	Louisiana	New Jersey
District of Columbia	Maine	Ohio
Florida	Maryland	Vermont

Since Representatives tend to transact business with clients located in more than one state, it is strongly recommended that each Representative complete the Uniform Securities Agent State Law Examination (Series 63). This examination is required in many of the states in which MSC is registered, and often is required when a Representative elects to license in several states.

Securities laws require that a Representative be licensed in the client's state of residence before any solicitation may be made. It is imperative that a Representative be properly registered in all states in which he conducts business. A Representative cannot effect transactions or solicit business in any jurisdiction until receiving written notice of effective registration in that jurisdiction. Violations are not tolerated. For verification purposes, a copy of the Representative's CRD status can be obtained by calling the Registration & Licensing Department. No account is to be opened nor a transaction order entered for a customer in a state where the Representative is not properly registered. It should be kept in mind that it takes approximately three days to process a Representative's state registration request. State registration fees are not pro-rated for registrations added mid-year.

Failure to properly register in the client's state of residence may result in legal action by the client and subject the Representative to regulatory action by state authorities, including trade revocation.

When a state approves a product for sale, the product is generally said to be "Blue Skyed." A Representative may not enter an order to sell a product unless the product has been blue skyed in the customer's state of residence. It should also be understood that the solicitation of a product in a state in which it has not been blue skyed represents a violation of state securities regulations, and is prohibited by MSC. Securities listed on the New York and American Exchanges and those traded actively in the NASDAQ Over-the-Counter market generally present no blue-sky problems. It is the Representative's responsibility to verify that a security has been approved for sale in the state prior to soliciting transactions.

Questions regarding MSC's or a Representative's state registration should be directed to MSC's Registration & Licensing Department.

2.9 BACKGROUND INVESTIGATIONS

MSC conducts a background and a credit check on each individual who applies for association with MSC. This review includes, but is not limited to, the inspection of CRD records, administrative actions, customer complaints, arbitration filings, and judgments/liens by a court of law. In addition, a credit inquiry is run through a national credit bureau for a review of credit history. Other business affiliations and activities are also reviewed. The Compliance Department, which conducts this review, may ask for additional information or material, and recommend any heightened supervision that may be necessary.

In light of this position, each affirmative answer on page 3 of Form U-4 is scrutinized very closely. A thorough investigation of each "yes" answer on page 3 of Form U-4 is conducted prior to submission of the application to the NASD. MSC may request supporting documentation relating to the incident. Based upon the outcome of the investigation, an applicant may be denied registration. MSC may refund all unused registration fees to the applicant. An applicant is not normally approved for registration if:

- The applicant is presently involved in a bankruptcy;
- The applicant's method of business is not compatible with MSC;
- The applicant has a substantial negative credit history that may include unsatisfied liens, judgments, etc.;
- The applicant has a history of customer complaints;
- The applicant is under current investigation by a court of law, regulatory agency or governmental body;
- The applicant has a "discharged" bankruptcy related to investment issues;
- The applicant has a record with a felony conviction; and/or
- The review staff decides that the applicant is not a suitable candidate for registration with MSC.

2.10 NEW REPRESENTATIVES

MSC notifies a Representative when his registration has been approved. Under no circumstances may a Representative offer securities through MSC, or hold himself out as an MSC Registered Representative, prior to receipt of this notification.

The Representative is assigned a Representative number and a branch number, both of which should be placed on all new business and change of information forms.

2.11 RENEWALS

Generally, individual and branch registrations expire on December 31 and must be renewed. Each Registered Representative incurs certain annual registration renewal fees, which are usually due on December 1. These fees include, but are not limited to, an NASD fee, a fidelity bond fee, a state(s) registration fee, and a branch office fee. If MSC's annual production requirement has not been met, an "additional" fee may be assessed. To avoid registration termination, the renewal fees must be paid on or prior to the due date. Representatives who have demonstrated an

inability to meet MSC's minimum production requirement are subject to termination, and receive a termination notice instead of a renewal notice.

2.12 LIMITATIONS ON ACTIVITIES OF UNREGISTERED PERSONNEL

Secretaries, sales assistants, and order clerks are not required to be registered if they limit their activities to:

- extending invitations to MSC-sponsored events at which any substantive presentation and account order solicitation will be conducted by appropriately registered personnel;
- inquiring whether the prospect wishes to receive investment literature from the MSC office;
- inquiring whether the prospect wishes to discuss investments with a registered Representative; and
- calling the client to report executions or quotations.

Activities prohibited for non-registered personnel are:

- taking orders requiring judgment on their part;
- soliciting accounts;
- opening new accounts, except that they may provide customers with the required forms and assist with filling in data;
- providing investment information or advice;
- commenting in any way on the market or specific securities or strategies;
- receiving compensation related to business handled;
- using business cards as a company Representative soliciting securities business;
- qualifying the client for a particular investment; and
- engaging in any activity that is generally performed by a registered Representative.

2.13 TERMINATION

A Representative may terminate his registration with MSC by submitting a Letter of Resignation, along with a NASD termination fee of $500. Branch managers and OSJ supervisors need to promptly notify MSC of any Representatives who are no longer associated with their branch office so that their MSC registration can be terminated.

A Representative must register with another firm within two years from the effective date of termination in order to avoid re-examination requirements.

After termination, it is a violation of securities regulations to continue to offer securities through, or for a Representative to represent himself as being registered with, MSC. Business cards, letterhead, advertisements, and signs in the branch office must be discontinued and destroyed, where applicable. It is necessary for the Representative to immediately notify securities customers that he is no longer affiliated with MSC.

MSC permits the Representative to transfer his customer accounts within 45 days of his effective termination date with MSC. MSC's Operations Department can supply further information.

The Representative is responsible for notifying all correspondents of the change of address. MSC forwards mail for 30 days, after which such mail forwarding is discontinued.

2.14 ERRORS & OMISSIONS INSURANCE

MSC Representatives must be covered under MSC's Errors & Omissions insurance policy. MSC may make exceptions to this policy for those Representatives who work in a strictly administrative capacity. The Registration & Licensing Department should be contacted to apply for "administrative waiver" status, to obtain the correct registration fee amount, and to review a copy of the Agreement.

Waivers are granted to licensed Representatives whose sole purpose for registering with MSC is to provide administrative support to a Representative, or group of Representatives, actively engaged in conducting securities or insurance transactions through MSC. Those granted administrative waivers are not permitted to offer, sell, or provide investment advice to clients. MSC permits one administrative Representative waiver per branch office, unless otherwise approved by MSC.

If approved, an Administrative Waiver Agreement must be executed by the person applying for the waiver and the producing Representative and/or OSJ Branch Manager, and submitted to the Registration & Licensing Department. This waiver does not exempt an Administrative Representative from the applicable registration fees or renewal fees or from the CE and compliance session requirements.

2.15 COMMODITIES

MSC is not registered as a commodities futures merchant and, therefore, does not accept commodity accounts or orders. Commodities activity by MSC Representatives is not allowed. If a Representative wishes to conduct a commodity business, even on a limited basis, he must first contact MSC's Compliance Department and outline (in writing) the method in which he proposes to conduct said business. A Representative must receive advance written approval from the Compliance Department before engaging in any such business activity.

2.16 DUAL LICENSING POLICY

MSC does not allow dual licensing/registration. The only exceptions are cases in which Registered Representatives are required by their major insurance affiliate to remain licensed with the insurance broker/dealer in order to maintain their insurance affiliation and will be granted or denied on a case-by-case basis. The dual licensing shall be for variable products only. To complete a dual registration, the other broker/dealer must sign the MSC standard dual registration letter stipulating that they will supervise the Registered Representative's activities with respect to the sale of securities placed through their firm.

2.17 VARIABLE INSURANCE SERVICES (VIS)

This limited license through MSC is intended to give those Representatives who wish to offer for sale Pacific Life Insurance Companies (PL) products, who may not qualify for a full license with

MSC, the ability to offer PL products through a PL branch office. Representatives with a VIS contract may only offer for sale PL's variable life and annuity products. VIS Representatives are assessed an annual fee which is added to their year-end registration renewal fees. PL reimburses those Representatives who produce $100,000 in commissionable premium during the year or produce $15,000 paid first-year annualized target variable life premium. VIS Representatives seeking reimbursement need to contact PL upon receipt of their renewal statement. PL also refunds the E&O fee assessed by MSC if the Representative has duplicate coverage through another broker/dealer. PL should be contacted for further information on receiving these refunds.

2.18 INVESTMENT ADVISORY REGISTRATION

A Registered Representative is prohibited from performing investment advisory services, unless he is registered as an investment advisor or is employed by a registered investment advisor and acts within the scope of that relationship. Any Representative holding himself out to the public as a financial planner/advisor, regardless of whether compensation is directly or indirectly received for such planning or advisory services, meet the definition of "investment advisor" under the Investment Advisers Act of 1940 and is, therefore, required to register with the SEC as an investment advisor. Various states also have stringent requirements regarding Investment Advisor registration. Contact MSC's Compliance Department for specific state and federal requirements. Any Representative considering registering as an advisor must first discuss his plans with MSC's Advisory Services Department and Compliance Department and send copies of all proposed materials (i.e., ADV Form, brochure, financial contract, etc.) to the Compliance Department for review and approval.

Investment advisory registration with the SEC or individual states is separate from the Representative's MSC securities agent registration. This additional registration may be called for when a Representative either presents himself or his business as offering financial planning and/or investment advisory services, or his services are compensated by fees.

MSC Representatives may be registered as investment advisory agent of MSC if they wish to offer a limited advisory service to the client. MSC's ADV is clear as to which services may be offered. MSC advisory agent registration is separate from securities registration.

MSC Representatives who wish to conduct other advisory services, such as general financial planning and other asset management services, should independently register with the SEC and/or state(s) as investment advisors. Such Representatives must provide the MSC Compliance Department with copies of their draft ADV and customer contract for review.

Some activities conducted by independent investment advisors fall under MSC's supervisory jurisdiction. Thus, fees earned by the independent investment advisor may have to be shared with MSC. This is determined by supervisory requirements and responsibilities imposed on MSC by various regulators. When new advisory services are planned, the Representative should sum up the proposed service in a letter to the Compliance Department for approval and determination of fee sharing requirements. The section on outside business activities contains further information.

2.19 NASD CONTINUING EDUCATION PROGRAM

All MSC Representatives are subject to the NASD continuing education (CE) program, which includes the MSC component ("Firm Element") and the NASD component ("Regulatory Element").

A. **Regulatory Element** - The Regulatory Element focuses on compliance, regulatory, ethical, business, and sales practice standards. The requirement asserts that all registered Representatives participate in this computer-based training program that employs a sequence of realistic situations and interactive instruction. **Upon the NASD's notification to the firm, the firm will contact the Representative in writing.**

1. Registered Representatives and Principals are required to complete the Regulatory Element within 120 days of the second anniversary date of their initial NASD registration and every three years thereafter throughout their careers or as otherwise prescribed by the Association.
2. Effective July 1, 1998, there is a one-time grandfather provision for the Regulatory Element for those persons who have been registered with the Association for more than ten years (ten years prior to July 1, 1998) and have not been subject to significant disciplinary action. Furthermore, a registered principal who has been registered in this capacity for more than ten years shall be covered by this one-time provision provided he has not been subject within the last ten years to any disciplinary action.
3. A registered person who has been the subject of significant disciplinary action or is ordered by a state securities regulator, a self-regulatory organization, the SEC, or the firm, may be required to re-enter the Regulatory Element training. A person who has been registered as a principal for less than ten years (and has been registered in a non-principal capacity for more than ten years or considered "graduated" as of July 1, 1998) will be required to re-enter the Regulatory Element. A registered person who maintains any principal registration will be required to continue the Regulatory Element for as long as he maintains such principal registration. A person's anniversary date will be based on the date of his initial securities registration, not his principal registration.

4. Any Representative who does not satisfy the Regulatory Element requirements within the specified time will be subject to termination. This means that he may not perform or be paid for activities that require securities registration. Anyone with an inactive registration for two years must reapply for registration and meet the qualification requirement of the applicable provision of the rule 1020 series and the rule 1030 series.

3.0 OPENING NEW ACCOUNTS

3.1 NEW ACCOUNT APPLICATION

Representatives are responsible for obtaining suitability data compiled in the format of the New Account Form and entered electronically into the Advisor On-Line program **prior** to entering orders for the accounts. The information must be supplied in its entirety and signed by the Representative. Page 2 of the Arbitration Agreement and W-9 for the client's signature are then automatically printed from Advisor On-Line. These forms are required to be signed by the client and submitted to the Home Office. It is strongly suggested that the client sign page 1 of the New Account form as verification of the data supplied for suitability. Page 1 and 2 should be maintained in the client's file. On, at least, a bi-annual basis, new account information should be reviewed and updated on Advisor On-Line. Advisor On-Line will not allow the completion of the Form unless required fields are entered, including name, address, date of birth, tax ID or social security number, and all suitability information.

Advisor On-Line downloads account data to the OSJ/Branch Manager and/or Home Office for principal review and approval. A daily blotter of accounts opened is printed, providing all the data entered. The OSJ/Branch Manager should maintain the approved blotter.

When multiple accounts exist under different registrations (e.g., individual, IRA, trust, joint, etc.), separate New Account Forms should be completed for every registration.

3.2 WELCOME LETTER

Amendments to SEC Rule 17a-3, requires MSC to verify customer account information to clients and provide clients with definitions of investment objectives. MSC complies with this rule through the use of a Welcome Letter that verifies client information. The Welcome Letter will print out at the representative's office at the time of entry of client's new account. It is the responsibility of the representative to provide this letter to the client either physically or by mail. MSC Home Office will be responsible for providing a letter to clients when information regarding address changes or suitability information is changed on the new account data.

The representative should evidence that this letter is given to the client by, at a minimum, keeping a copy. If a client contacts the representative because of inaccuracies in the new account information, the representative should immediately change that information through Advisor Online.

Within the required time periods designated by the NASD, account data will also be verified to the client by way of a mailing from the home office.

<u>The Welcome Letter includes other required disclosures on:</u>
1. Payment procedures;
2. Order routing;
3. Privacy policy; and
4. Contact information

3.3 ESSENTIAL INFORMATION

Essential facts about a customer are required elements on the New Account Form. This data is entered into Advisor On-Line and used in normal trade review, as well as exception reporting, and serves as a basis to determine the suitability of transactions. Therefore it is important that all account data be accurate and current.

a. Name and Address –account titles **not** permitted are:
   As Agent For
   Attorney In Fact or Power of Attorney
   DBA (Doing Business As)
   Joint Venture

   Post office Boxes alone are not acceptable.

b. Employee Related: Yes No

c. Social Security Account Number or Tax ID Number – a tax ID number must be proved and the W-9 signed by the client must be on file. If the customer does not supply the TIN within 60 days, the account will be coded "No More Business," unless another W-9 Form is submitted.

d. Citizenship – If the client resides in a foreign country, the Money Laundering Section of this manual should be referred to.

e. Date of Birth

f. Marital Status

g. Approximate Annual Income – the approximate annual income of the account owners. For accounts with more than one owner, the combined annual income for all owners should be entered. For trust accounts, the information will be based on the grantor of the trust. For minor accounts, the information will be based on the custodian.

h. Net Worth – net worth of all account owners. If there is more than one account owner, the net worth of all parties should be combined. For trust accounts, the information will be based on the grantor of the trust. For minor accounts, the information will be based on the custodian on the account.

i. Investment Objectives and Risk Tolerance – the customer must select one of the following objectives:

   - Growth – Capital appreciation over the long term, involves intermediate to high risk.
   - Tax Reduction – Conservative portfolio (usually bonds and fixed income), involves low risk.

- Growth & Income – Balanced Portfolio; risk of capital appreciation offset by consistent dividend payment, involves intermediate risk.
- Aggressive Growth – Increased capital appreciation with acceptance of greater market risk, involves high risk.
- Income – Seeks income through dividends or interest while attempting preservation of principal, involves low risk.

j. Investment Experience – how knowledgeable the client is in the overall investment market.
None – No prior investment experience.
Limited – Beginning investor, limited knowledge of market instruments.
Moderate – Familiar investor; knowledge of most market instruments.
Experienced – Experienced investor; above-average knowledge of all market instruments.

k. Liquid Asset – cash or easily converted into cash without substantially affecting the assets' price.

l. Customer Identification – Anti-money laundering requirements mandate that accounts opened after Oct. 1, 2003 obtain customer identification in the form of government issued ID Number, date and place of issuance and expiration date. Accounts opened prior to Oct. 1, 2003 can have the data updated, but it is not mandatory.

m. Delivery versus Payment (DVP) – an account which has third party that acts as custodian for the benefit of the customer. The account will have the third-party custodian's account number referenced in the title. Trades can be placed in either the account with Pershing or the account held directly with the custodian. The money and/or assets will automatically move through the DTC system.

n. When Securities are Sold – when an account is held at Pershing, and a trade is executed, it should be indicated whether the proceeds will be held within the Pershing account or if they will be sent to the customer's address of record.

o. When Securities are Purchased – when an account is held at Pershing, and the client makes a purchase, it should be indicated whether the security(ies) is to be held within the Pershing account or mailed to the customer's address of record.

p. When Dividends are Received – when the Pershing account receives dividends on securities held within the account, it should be indicated whether the dividend will be kept within the Pershing account (reinvested) or sent to the customer's address of record.

q. Money Market – when selecting a money market to add the Pershing account, if a state is referenced in the title of the money market and the customer resides in a different state, the customer could be subject to tax consequences. For accounts that Pershing LLC. is the custodian, the only money market allowed is the Pershing Government Account (PGA).

r. Send Duplicate – when there is an interested party on the account (other than the Representative), the information should be indicated in this field. An interested party can be an accountant, lawyer, or family member. When establishing accounts with a custodian other than Pershing LLC., the mailing address on the account will be the address of the custodian. The customer's address should be entered here.

s. Options – for all option accounts, it is required that the customer receives the OCC Disclosure Documents. The original Option Agreement and client signature is required. Please refer to the Options section of the Compliance Manual.

t. Time Horizon (This items appears in the trade section of Advisor On-Line) – overall time line for a particular investment. Short-term is less than one year. Intermediate is one to five years. Long term is more than five years.

3.4 POWER OF ATTORNEY ACCOUNTS

These accounts require that the Representative know the principal as well as the agent to whom the power to transact has been assigned. Investment objectives and types of securities transactions allowed must be clearly stated in the Power of Attorney. Representatives are not allowed to have Power of Attorney (or any other fiduciary capacity, such as trustee, executor, etc.) over client accounts.

3.5 INSTITUTIONAL ACCOUNTS

For these accounts, the Representative should understand that documents must be obtained which clearly indicate who is empowered to act for the institution and to what degree that individual's or those individuals' power extends.

3.6 UPDATING ACCOUNT INFORMATION

The Representative should continuously review the information contained on the New Account Form, and understand that it is his responsibility to routinely update client records with regard to changes in investment objectives, income, or net worth, or any other changes which may affect the client's suitability. MSC requires Representatives to review and update New Account Data every two years.

3.7 UNACCEPTABLE ACCOUNTS

Unacceptable accounts include, but are not limited to:

A. **Missing Data** - Accounts which refuse to provide the data requested on the New Account Form.

B. **Minors** - An account may not be opened nor any transaction entered into by a minor. It is imperative that the Representative check the law of the state in question before opening an account for an individual under the age of 21. Only a duly ap-

pointed legal Representative, such as a parent or grandparent, guardian, or custodian, can establish an account on behalf of a minor.

C. **Incompetency** - Persons with any type of mental incapacity, such as legally declared incompetence or senility, have no legal capacity to contract. Accounts for such individuals may only be accepted from their duly appointed legal Representative, such as a conservator or guardian.

D. **Discretionary Accounts** - Upon approval, representatives registered to provide investment advice may be permitted to offer discretionary services.

E. **Unacceptable Margin Accounts** - Accounts under the control of a person acting as a fiduciary (i.e., executors, trustees, custodians, and guardians acting as such) and accounts belonging to investment clubs are not allowed to open margin accounts through MSC.

F. **Uncovered (Naked) Option Accounts** -MSC typically does not allow option accounts to engage in any type of option transactions other than the purchase of puts/calls or covered writing. Only covered call writing is allowed in IRA accounts. Any other option trading strategy will need to have prior written approval from the Compliance Department.

G. **Escrow Accounts**

H. **Fictitious Accounts** - No account may be opened in a name other than the legal name of the customer. However, a married woman may open an account in her maiden name, provided the branch file contains written attestation of her ownership signed with her maiden name and her married name.

I. **Non-resident Alien**

J. **AKA Accounts** - Accounts may not be opened in a fictitious name or as a "numbered account." Every account must be opened in the name of the beneficial owner.

K. **Guaranteed Accounts - R**epresentative may not guarantee any customer's account. MSC policy also prohibits a customer from guaranteeing another customer's account.

L. **Special Consideration on Fiduciary Accounts** -Fiduciaries (e.g., executors, administrators, guardians, conservators, custodians, or trustees) may not delegate their duties to manage the account to a third party unless the trust or other instrument specifically authorizes it. Some states require the fiduciary to obtain a court order to delegate authority to a third party.

If a trustee wishes to trade options, the trust instrument must specify that the trustee can trade those instruments and the specific strategies to be used.

The complete Trust Agreement must be in the client file for review during a branch examination and made available if requested by the home office.

Registered Representatives of MSC are prohibited from being trustees on client accounts.

3.8 ACCOUNTS WHICH REQUIRE HOME OFFICE PRINCIPAL APPROVAL

A. **Margin Accounts** - A margin account must be approved by a home office principal. The Representative must obtain a signed Margin Account Agreement at the time the account is opened and before the first transaction in the account.

B. **Fiduciary (Trust) Accounts** - This type of account involves custodians, guardianship, various trustee relationships, corporate fiduciaries, or other legal Representatives. The Representative must receive a copy of the legal documents creating such relationship from the fiduciary establishing the account. Before accepting a fiduciary account, the Representative must verify that the fiduciary has been properly appointed and is empowered to open and maintain a brokerage account and implement security transactions.

MSC prohibits its Representatives from acting in a fiduciary capacity (including acting as trustee, executor, administrator, conservator, or guardian) with respect to any client accounts maintained with MSC (including investment advisory accounts), with the exception that MSC may permit a Representative to act in a fiduciary capacity for members of his immediate family accounts or under special circumstances upon written request to MSC's Compliance Department by the Representative.

A trustee cannot serve two masters with competing interests. Therefore, a Registered Representative many not serve as the registered Representative for a trust for which the Representative is the trustee, without prior approval of the Compliance Department. Approval will be granted only in limited circumstances.

A second registered Representative may not service the trust, since the Representative is an agent for the same employer. The alternative, to permit a Representative to execute the business away from MSC, is also prohibited.

C. **Limited Power of Attorney Accounts** - When a client requests the appointment of an agent to act for him, MSC must obtain specific written authorization. **Husbands and wives** acting on each other's behalf without written powers of attorney are <u>not</u> exceptions.

1. The power of attorney designation form requires a witness to the client's signature. No MSC Representative or employee of a Representative should act as witness.
2. Limited power of attorney may be accepted in favor of investment counseling firms and money managers, provided that reliability, substance, and responsibility are demonstrated to MSC. A Representative may provide the client with names of such investment advisors from a qualified list supplied to him by

MSC. A Representative may only work with advisors on MSC's roster, and compensation for such referrals, when applicable, must flow through MSC.

3. Statements and confirmations may not be addressed to the client in care of his discretionary agent. They must go directly to the client or to an address designated by the client in writing. The agent may receive duplicate statements and confirmations if the client has provided written authorization.
4. **MSC's Registered Representatives may <u>not</u>, under any circumstances, have power of attorney over a client's account, nor accept any fiduciary capacity with respect to any client account (except for those of the Representative's immediate family after Compliance Department approval).**
5. All accounts must be in the name of the client. MSC does not open accounts in the name of an individual as agent or attorney for another.

D. Option Accounts - Both the Representative and each client account must be approved by either the Senior Registered Option Principal, the Registered Options Principal, or a Compliance Registered Option Principal in the MSC home office before a Representative can open an option account. MSC may request that the Representative pass the Registered Option Principal Exam (Series 4) before handling any option accounts. <u>Funds must be in the account prior to entering any purchase orders</u>.

Option transactions are <u>not</u> permitted for:

- Minors
- Guardianships
- Keogh or IRA accounts (except covered calls in IRA accounts)

Note: MSC typically prohibits uncovered (naked) options or any type of spread positions without written approval from the Compliance department. (see Section 3.6F – Unacceptable Accounts).

E. Special Document Accounts - Partnerships, investment clubs, corporations, trust accounts, and other specialized accounts require the completion of additional documents before any new accounts may be opened.

3.9 SPECIAL CONSIDERATION

A. Accounts Which Require Caution - MSC Representatives should use good judgment when evaluating potential clients. Some conditions that might result in the Representative using a high degree of caution in opening customer accounts are:

1. walk-in or call-in clients;
2. unemployed persons;
3. post office box addresses (New Account Form must also reflect residential address/rural route number);
4. no bank or credit references;
5. unusual account title requests;
6. "care-of" addresses;
7. option, margin, and fiduciary accounts;
8. check swapping or prepayment requests;

9. characteristics to file suit are exhibited;
10. temperamental nature is exhibited; and
11. refusal to provide required suitability documentation or to sign New Account Form or arbitration language

A Representative should notify MSC's Compliance Department immediately if he is suspicious about a new or existing account.

B. Accounts Which Require Prior Written Consent :

1. Employees of Other Brokerage Firms -- Accounts may not be opened for employees of other brokerage firms unless the Compliance Department sends a letter to the employer, informing them of the new account.
2. Margin or Option Accounts of Employees of Banks, Trust or Insurance Companies, and Other Financial Organizations -- Before margin or option accounts for employees of these types of organizations can be accepted, written approval must be received from the client's employer.

C. Trusts - Accounts to be registered in the name of any trust, including, but not limited to, pension and profit sharing plans, require a copy of the trust instrument and a letter (signed by an authorized trustee) which lists the names of the trustees authorized to enter instructions and orders. Registered Representatives of MSC are not allowed to serve as trustee on clients' accounts.

D. Account Referral/Finders Fee - No Representative shall -- directly or indirectly -- pay, give, or permit to be given to any individual or business enterprise compensation of any kind in connection with the referral of prospective brokerage customers to the Representative and/or MSC.

The prohibition shall not apply to the payment of compensation, pursuant to an executed solicitation agreement, by a Registered Investment Advisor, in accordance with the Investment Advisors Act of 1940, for the referral of advisory clients to the advisor. The advisor must fully disclose this arrangement in his own advisory Form ADV, which must be submitted to MSC's Compliance Department for review.

3.10 ACCOUNTS ESTABLISHED IN FOREIGN COUNTRIES

Accounts opened with locations outside the United States will require special account documentation related to the source of funds, and the client identification requirements. Please refer to Anti-Money Laundering Program located in Chapter 7.10, for specific requirements.

4.0 GENERAL SALES PRACTICES

4.1 TRANSMITTAL OF CLIENT FUNDS AND SECURITIES

Every check or security received in the branch should be entered on the Check Receipt or Security Receipt Blotter on a daily basis.

Under no circumstances should any Representative have possession or control of client funds or securities.

Representatives are required to forward to MSC or the product sponsor, where applicable, all funds and securities the same day as received. Clients should be instructed to transmit all securities and checks directly to MSC's Operations Department or the fund sponsor whenever possible. Checks should not be payable to the Representative or the Representative's firm. MSC Representatives may not accept cash as payment for security transactions. Questions about how to handle client funds or securities should be directed to the Compliance Department.

4.2 COMPLIANCE DEPARTMENT TRADE REVIEW TEAM

As part of MSC's supervisory structure, the Compliance Department has created a separate unit – the Trade Review Team (TRT) – which reports directly to the Compliance Manager. The TRT's primary function is to review transactions that require a closer-than-normal trade review to determine completeness of client information, and to evaluate specific suitability factors. Special trade reports are generated daily that identify selected transactions for research. Account documentation and internal records are considered in determining client suitability. Many times the TRT staff will contact the OSJ/Branch Manager or Registered Representative to gain additional insight into the transaction. The TRT may request the reasons for the transaction, added suitability documentation, copies of the client disclosure documents, and any other representations that would assist the TRT in determining the nature of the transaction and the suitability considerations.

4.3 GENERAL CLIENT SUITABILITY CONSIDERATIONS

The Representative should always have a clear understanding of each customer's financial condition and investment objectives. **This understanding should also be documented for the office records.** A Representative should never recommend the purchase or sale of a security without reasonable grounds for the recommendation. The basis for recommendations should be clearly documented in the client's file.

NASD Conduct Rule 2310 is the source of what factors should be considered when determining suitability and recommending securities to clients. It states, in recommending the purchase, sale, or exchange of any security, the Representative must have reasonable grounds for believing the recommendation is suitable based on facts, if any, disclosed by the client as to other security holdings and financial situation and needs. The rule requires four separate items be obtained to assist in the suitability determination:

- client information concerning financial status;

- the client's tax status;
- the client's investment objective; and
- any other information used or considered to be reasonable in making a recommendation to a client.

Other factors that should be considered when recommending the sale of a security are the client's liquidity needs, the time horizon of the investment, and the client's experience.

The completion and maintenance of a current MSC New Account Form will satisfy a significant portion of NASD Rule 2310, however other disclosure forms may also be required to assist in the documentation of client suitability.

MSC has specific guidelines regarding the suitability of variable products, mutual funds, and penny stock transactions. Those sections of the manual contain an explanation of those guidelines. It is expressly prohibited for a Representative to induce, in customer accounts, transactions that are excessive in size or frequency (i.e., churning). Transactions should never be conducted solely to generate commissions without regard to a customer's best interests. Each Representative is responsible for sufficiently describing the important facts and risks concerning each transaction or set of transactions to the client. Failure to maintain proper suitability standards could constitute serious violations of industry regulations. Contact the Compliance Department with any questions about suitability issues.

A. **Other Suitability Considerations** - In making a recommendation to a customer, there are several additional considerations to weigh, which include, but may not be limited to:

1. Working with the customer to obtain information as completely and accurately as possible. An important aspect of this inquiry is obtaining key financial information, including income, net worth, need for liquidity, existing diversification or concentration in investments, and anticipated future events which could change these factors (e.g. retirement, ill health). The second key aspect is determining the customer's expectations through discussing and noting on the account information investment objectives or, as times change, any correction or alteration in those objectives. Notes in the customer files of additional information that the customer provides, including investment experience, holdings at other firms, education, and training, etc., are essential to substantiating suitability.

   It is important to update the customer files and firm records (Advisor On-Line) when new information becomes available. If the changes are substantial, a new account form **should (does the word should need to omitted)** be re-signed by the client. It is not necessary to obtain a new arbitration agreement.

2. If a prospectus suggests or requires suitability requirements or restrictions on types of investors, they must be followed.

3. Elderly persons should not be solicited to invest in high-risk securities, even if they meet the investment profile, unless the portion of liquid assets subject to high risk is small.

4. Care should be given to clients who have special circumstances, such as those who are physically or mentally impaired, have lost their jobs, or face a medical emergency. Generally conservative investments that are not encumbered by any contingent deferred sales charges or early withdrawal penalties.

5. Recommendations for mutual fund switches and 1035 exchanges of variable products involve special consideration discussed elsewhere in this manual. Special written justification is needed from both the Representative and the customer for any such transactions. The Representative must prove that a recommended switch is beneficial to the customer.

6. Each Registered Representative must be prepared to demonstrate the rationale for a recommendation and suitability determination for each transaction. Regulators periodically ask for this information.

7. A Representative should never engage in a transaction without receiving prior informed authorization of the customer. MSC does not permit discretionary trading unless approved in writing by Compliance and only in limited situations.

B. Institutional Customers - The general rule regarding suitability applies equally to institutional and non-institutional customers. However, the scope of MSC's obligation toward institutional clients may vary depending upon the nature of the institutional client.

1. Institutional Customer/Defined - For the purposes of the following, an "institutional customer" is an entity that is not a natural person. While the following criteria may apply to any institutional customer, they are more appropriately applied to an institutional customer with at least $10 million invested in its portfolio or under management by MSC or its investment advisor.

2. Two Factors Test - The two most important factors in determining the scope of the Registered Representative's suitability obligation in making recommendations to an institutional client are:
   a. The customer's capability to evaluate investment risks independently, and
   b. The extent to which the customer is exercising independent judgment in evaluating the Registered Representative's recommendations.

C. **Recommendations Beyond a Customer's Capability** - It is inappropriate to make a single recommendation to purchase securities or a continuing recommendation to purchase securities in amounts inconsistent with the reasonable expectation that the customer has financial ability to meet such commitment.

4.4 MUTUAL FUND TRANSACTIONS

Transactions in mutual funds have become increasingly complex and require that specific standards be followed regarding such issues as suitability, client disclosures, performance information, and switching activities. OSJ/Branch Managers and Sales Principal will review transactions with respect to the following considerations and mutual fund sales practices.

1. **Suitability** - The fundamental responsibility of suitability determination begins with dealing fairly with the client and providing a balanced sales presentation. General factors to consider in making recommendations include information contained on the New Account Form. It is important to document the client's financial needs and tax status; investment objectives; and other information used or considered to be reasonable in making investment recommendations.

2. **Client Disclosure** - In recommending the purchase or sale of a mutual fund to a customer, MSC Representatives must disclose all material facts. To determine adequately whether a fact concerning a mutual fund investment would be material to the investor, the Representative must obtain information sufficient to evaluate the suitability of the proposed investment for that investor. Material facts may include, but are not limited to, the fund's investment objective; the fund's portfolio, historical income, or capital appreciation; the fund's expense ratio and sales charges; the class of shares and required holding periods; risks of investing in the fund relative to other investments; the extent of derivative securities holdings in the portfolio; and the fund's hedging or risk reduction strategies.

   Any applicable sales charges must be fully disclosed to the customer, including front-end loads, back-end (or contingent) deferred sales charges, 12b-1 fees, and expenses. Representatives should discuss with the customer the effect of those charges on the return on investment. Breakpoints must be disclosed and discussed, including if the client has any eligible linked accounts. Any fees or charges the fund may impose for switches between different funds in the family must also be discussed, particularly when the ability to make such switches is presented as a benefit of the fund family.

   Other information that may be material and therefore disclosed includes, but is not limited to, the relative risks and rewards of an investment being liquidated to buy the proposed investment, the investor's risk aversion, and the investor's age and/or life expectancy. While many of these items may be inextricably intertwined with the suitability determination, the Representative should be aware that merely determining that an investment may be suitable for a particular investor does not negate the need to disclose all material information to the investor. Also, any oral representations by sales personnel that contradict the disclosures in prospectuses or sales literature may nullify the effect of the written disclosures (making the Representative liable for rule violation and civil damages

to the client), and are prohibited by MSC. MSC requires that the representative present the MSC Mutual Fund Disclosure & Prospectus Receipt Form to the client for signature. The representative is required to maintain the signed Disclosure Form in the client files, and to provide the client with a copy for their records. The MSC Mutual Fund Disclosure Form must be used for all mutual fund transactions.

3. **Breakpoints** - Sales charges, including sales breakpoints, back-end, or other deferred sales charges, 12b-1 fees, and diversification trade-offs when two or more families of funds are used, must clearly be explained to the client so that he may take advantage of quantity discounts when they are available. It must be clearly demonstrated that the investment is in the client's best interest. Representatives should be aware that recommending diversification among several funds with similar investment objectives may not be in the customer's best interests, particularly when the sale of those funds occurs at prices just below the breakpoints of one or more of the funds sold. It is improper to sell mutual funds in dollar amounts just below the point at which the sales charge is reduced for quantity purchases.

   When the Representative is aware that a client is considering additional investments during the first 13 months of ownership, a Letter of Intent should be used if there is a possibility of obtaining a better price for the customer. If, during the first 90 days after a fund purchase, the Representative discovers that additional investments will be made, then the Letter of Intent can be backdated to reduce the sales charge on the first investment. It is the Representative's responsibility to verify that the client receives the correct breakpoint pricing.

   In the past, break point discounts have not been applied primarily due to the failure of the representatives not linking eligible client accounts for break point discounts. It is the responsibility of the representative to determine if the client has any linked accounts, and to identify them. This action will ensure the client is given any break point discounts for subsequent purchases. It should not be assumed that the mutual fund company would calculate proper break point discounts for the account, if you fail to identify possible linked accounts.

4. **Switching** - Mutual Funds purchases are generally viewed as a long-term investment by the SEC and NASD and should not be subject to frequent trading. While it is difficult to determine exactly what constitutes excessive switching, long term investments are commonly held for a period of five to seven years, or longer. Therefore, a reasonable conclusion would be that any switching (replacement) activity involving mutual funds within five to seven years of the date of original purchase could call into question excessive trading.

   It is important to understand that the compliance issues surrounding switching activity are the generation of commissions, the reason for the switch, client disclosures, and the suitability of the transaction. MSC will review any unusual mutual fund replacements; evaluate the specific factors and the overall suitably of the transaction.

The following are additional compliance and sales practice considerations regarding switching activity. An MSC Representative should never recommend that a client switch out of a mutual fund family into another mutual fund family unless it can clearly be demonstrated that the switch is in the client's best interest. Switching among certain fund types may be difficult to justify if transaction fees associated with the switch undermine the financial gain or investment objective to be achieved by the switch.

Due to the increased risks associated with excessive mutual fund replacement activity, the Compliance Department's Trade Surveillance Team will be closely reviewing trading patterns. Trends that indicate excessive replacement activity within an account will be investigated, and evaluated for suitability concerns. All OSJ Principals should be aware of questionable trading patterns, and take steps to address the concerns before a problem is created for the client.

5. **Sales Material** - It is advised that comments of a Representative's own composition should not be sent to a client or prospect. Such material would be considered sales literature and should be sent to the Compliance Department for approval. The contents of mutual fund mailings and handouts should be limited to NASD-approved materials only. Generally, fund companies provide Representatives with material that has been approved by the NASD. Such approval should be confirmed with the Compliance Department before it is used.

   All material must be approved by MSC's Compliance Department before distribution, regardless of whether it is provided by the sponsor as NASD approved. After material has been approved for use, changes are prohibited, especially if the effect of the change is to exaggerate, obscure, or minimize material information.

6. **Prospectuses** - The sale of any investment company product requires the distribution of a current prospectus prior to or at the time of sale of the product. Evidence of receipt of the prospectus can be obtained by having the client sign the Mutual Fund Client Disclosure and Prospectus Receipt Form.

7. **Multi-Class Shares**

   Definitions –

   Front-End Loads (A Shares) – a sales charge is incurred with every purchase of shares at the time of purchase and then a small indirect fee known as a 12b-1 fee is subsequently paid by the fund company to the broker/dealer as an ongoing management fee.

   Spread Load (B Shares) – no sales charge is incurred at the time of purchase. Instead the client will pay a fee based on the net assets if the fund is redeemed prior to the stated time period (usually during the first six years). This time frame is known as the contingent deferred sales charge (CDSC). The investor's sales charge will be spread over the CDSC period by the fund charging a much higher 12b-1 fee. Pershing transactions of $100,000 or more will be blocked from execution, pending suitability review.

Level Load (C Shares) – no sales charge is incurred at the time of purchase. The fund pays a much higher ongoing 12b-1 fee and, if the client redeems shares in the first year, the fund will charge a 1% CDSC.

The NASD has expressed concern that investors may not understand the distinctions among, and ramifications of, the various classes of mutual funds now available, their fee structures, and charges. As a result, it is imperative that recommendation be suitable based on the goals, investment objectives, and financial status of the investor, without being influenced by incentive arrangements.

Prospectuses disclose many of the details of these products. However, the Representative should remember that sufficient information should be provided to investors to understand and evaluate the structure of multi-class funds. As the number of share classes continues to increase, it is imperative that investors are told the differences among the front-end load, spread load, and level load, and that they are instructed about why one type of fee may be higher or lower than another. Another important disclosure relates to explaining how factors, such as the amount invested, the rate of return, the amount of time the investor remains in the funds, and the fund's conversion features, affect an investor's overall costs.

The Compliance Department provides educational opportunities through compliance meetings, and written materials concerning general suitability standards involving Multi-Class Share transactions. OSJ Principals can also locate on the MSC Web Site, information about supervision considerations for Multi-Class Share transactions. Due to the risks associated with large Class B and C Share purchases, the Compliance Staff currently reviews two specific transaction reports that track a single purchase, or account positions of either Class B in excess of $100,000 and Class C mutual funds, in excessive of $250,000. MSC will scrutinize the transaction, and evaluate suitability considerations for these large mutual fund transactions. As part of our investigation, you should expect direct communications from the Compliance Department to review the trade with the OSJ Principal. Mutual Fund Specialists within the company may also be sought out by Compliance to review the specific product features and costs structures. If the Compliance Department deems the large B/C Share transaction as "unsuitable", the trade will be adjusted to a Class A Share position at a reduce cost to the client, or the transaction will be canceled. Class B and C Share Mutual Fund orders executed through Net Exchange Pro, greater than $100,000 will be stopped by Trading Center and reviewed with the Compliance staff, before being allowed to process the order through Pershing's Net Exchange Pro.

Generally, it has been accepted that A shares may be the most appropriate shares for investors with long time horizons. These shares, over the long haul tend to provide the least expensive means of investing, even when factoring in the up-front sales load. Also, if a client is going to reach a breakpoint (especially a significant breakpoint), a Class B or C share most likely will not be in the client's best interest. By incurring the small front-end load, the client would be able to save significantly on the 12b-1 fees over a period of time.

As with any investment, the ultimate test in recommending to an investor the purchase, sale, or exchange of any security is that the Representative has reasonable grounds for believing the recommendation is suitable for the investor based on the facts disclosed by the investor. The Representative should be able to demonstrate the rationale for the recommendations and the suitability determination in addition to the form of disclosure provided the client regarding the share class recommended.

Mutual Fund Customer Disclosure and Prospectus Receipt Form - Required of all mutual fund transactions entered onto Advisor OnLine and NetXpro.

4.5 STOCKS, BONDS and OPTION ACCOUNTS

MSC Representatives must be Series 7 licensed before discussing or handling stock, bond, or option accounts. For some option accounts MSC may require the Series 4 by the Representative.

A. The Representative should not make any solicited stock recommendations to clients unless there is a basis for such recommendation, including due diligence files on the issuing company.

B. Penny Stocks are classified as securities that sell for less than $5 per share, exclusive of those stocks listed on a major U.S. exchange. The market for penny stocks is a specialized area in the security industry, and is generally controlled by a small number of OTC market makers. Executing transactions of smaller amount of shares of penny stock may not be cost efficient. A Representative who elects to execute unsolicited penny stock transactions for customers should exercise extreme care; in many instances, markets for these securities are thin and price spreads are unreasonable. MSC discourages solicitation of securities that are priced under $5 per share. Representatives will need to obtain an individual approval number from MSC for each penny stock purchase. Some questions related to suitability asked by the staff could be regarding the clients income, net worth, concentration of low priced stock, invested amount, price per share, solicited/unsolicited, and client objectives. (Special client documents may be required.)

C. In order to comply with SEC Rule 15c2-6, MSC does not act as a market maker in penny stocks, nor does it permit sales revenue from transactions in penny stocks to exceed 5% of its revenues.

D. MSC reserves the right to refuse orders for the purchase of any securities which are highly speculative, unscrupulously promoted, or distributed in violation of Federal or state securities laws. Accounts opened for the sole purpose of trading highly speculative securities are discouraged.

E. It is essential that Representatives not offer advice to clients on how to vote on securities proxies. It is permissible to orally respond to an unsolicited request for information from a client, but under no circumstances should advice be volunteered.

F. MSC does not accept orders for related warrants of securities that are not registered and takes the position that the purchase of such related warrants for a client constitutes a violation of the Securities Act of 1933. The most common warrants of this type are Canadian; however, this policy applies to all foreign securities.

G. Immediately upon notification of the death of a client, all open orders must be cancelled and MSC's Operations Department notified.

H. Customer orders take precedence over Firm accounts and employee and employee-related accounts.

I. An offer to sell, coupled with an offer to buy back at the same or an advanced price, or the reverse, is a prearranged trade and is prohibited.

J. Short sales are only allowed in margin accounts.

K. Regulation T requires that payment for securities purchased must be received by MSC no later than three business days after the purchase date. To avoid Regulation T violations, MSC generally requires Representatives to have appropriate funds in the account prior to executing the transaction. Funds need to be in the account for option trades prior to the execution of trades since they have a shorter settlement date. Extensions are limited to exceptional circumstances.

Regulation T violations include, but are not limited to:

1. The client's failure to pay for a purchase or deliver securities on a sale within the required time period.
2. The client's failure to pay for a security purchase prior to the sale (and receipt of cash) of the same securities.
3. Arranging credit for a client in excess of what MSC's clearing firm can offer. Even referral to a factor or another source of credit is interpreted as "arranging credit" and can result in severe SEC sanctions.

Excessive Regulation T extension requests are not tolerated and are best avoided by having the appropriate funds in the account prior to the time the order is executed. The cost of Reg T extensions is charged to the Representative. MSC may also impose fines of up to $100 to Representatives for excessive extension requests, and client accounts may be frozen in conjunction with Regulation T violations. Excessive Regulation T requests could be grounds for termination of Representative's registration

4.6 MARGIN ACCOUNTS

Margin accounts by their very nature involve more risk than cash accounts. Thus it is imperative that the Representative understand the customer's objectives and obtain the financial profile data necessary to determine if buying securities on margin is appropriate for the customer's know re-

sources. The Representative has primary responsibility for ensuring the suitability of customer trading activity.

Margin accounts are not suitable for and prohibited from being opened by:

- fiduciaries (e.g., trustee, guardian, conservator, etc.,) unless specifically authorized to trade on margin by the governing document;
- employees of financial institutions or any other organization engaged in securities transactions, unless prior written approval for such an account is granted in writing by the employer;
- custodial accounts for minors;
- corporate accounts, unless the corporate charter or by-laws authorize margin trading;
- IRA, ERISA accounts;
- Keogh accounts, unless specifically authorized by the governing documents and neither MSC nor any affiliate of MSC is a fiduciary of the plan; and
- estate accounts

4.7 OPTION ACCOUNTS

Over the years, there has been a dramatic increase in both the type of options products available and the volume of options transactions. As a result of this growth, the NASD, SEC, OCC, and state regulatory agencies have adopted a number of rules, regulations, and procedures designed in the public interest and for the protection of investors and options transactions.

A Registered Representative should not initiate option transactions on behalf of a client (solicited or unsolicited) without first having a clear understanding and thorough knowledge of how option contracts work. Option contracts are issued by the Options Clearing Corporation (OCC) as a new offering of securities. Under the Securities Act of 1933, all potential clients of new issuers must receive a prospectus or disclosure document, either before or at the time the account is approved for options trading. In general, purchasing an option gives the owner (or holder) the right to exercise that option at any time before expiration, and the seller of the option has the right to buy back the option contract before the expiration date.

Option contracts terminate when either:

- The writer is assigned an exercise notice, or
- The option contract is allowed to expire worthless, or
- The option position is closed by an offsetting transaction of an identical option.

Buyer – effects a closing **sale** transaction
Writer (seller) – effects a closing **purchase** transaction.

In addition to the usual forms and information necessary to open a Pershing account (MSC New Account Form and W-9), the customer must complete and sign the Option Agreement and Approval form. The Representative and designated principal must also review and sign the form. Lastly, the customer must receive the OCC option disclosure booklet entitled "Characteristics and Risks of Standardized Options" at or before the signing or the Options Agreement Form. The New Account Form must be updated to reflect the date the OCC Brochure was provided to the client. Any Representative intending to do options business should obtain a supply of the

booklets to have immediately available for customers. These booklets are available upon request from MSC Mail & Forms Services Department.

Option contracts tend to have a higher degree of risk and, before recommending options transactions to a client, the Registered Representative is required to use due diligence to "Know the Customer." The Representative must ascertain that the client is financially suitable and understands the mechanics and risks of options trading.

Options, like other forms of investments, have tax implications and transaction costs that need to be taken into consideration when making any recommendations to the client, as these can significantly affect the profit or loss results of buying and writing (selling) options.

Prior to accepting an initial options order from an MSC Representative, a designated Registered Options Principal (ROP) of MSC is required by industry regulations to review and approve an option agreement.

Because of the shortened settlement date on option trades, the customer must have sufficient cash in the account to pay for the trade prior to order acceptance.

The information provided by the customer on the options form and agreement should be reviewed, with particular emphasis given to those areas that might deem options trading, or a particular level of options trading, unsuitable (i.e., low-income and/or net worth, number of dependents, degree of investment experience, investment objectives, etc.). Because of the inherent risks of certain option strategies, MSC generally will not accept:

- discretionary accounts (except for certain professional money managers or Registered Investment Advisors who are not associated with MSC and have been approved by MSC);
- the writing of uncovered puts or calls;
- margin transactions (meaning cash or securities is required to be deposited by an option writer as collateral against the writer's obligation);
- the extension of credit for purchase of options; and
- speculative purchases in IRA accounts. Only covered calls are permitted in IRA accounts;
- spread positions that may result in any uncovered position or a leg. (Prior written approval from the Compliance department is required to do spreads);
- certain other multiple-option strategies that may result in any uncovered position or leg.

Isolated exceptions will be made only under very special circumstances with the permission of the SROP.

For accounts approved for options trading, MSC only allows trading in stock and index options. The types of trading allowed are covered writing and long positions. MSC only allows covered writing in retirement accounts that have been approved for options trading. Isolated exceptions will be made only under very special circumstances with the permission of the SROP.

4.8 MUNICIPAL SECURITIES TRANSACTIONS

Pursuant to the regulations of Municipal Securities Rulemaking Board (MSRB), "A Representative shall not recommend the purchase, sale, or exchange of a municipal security to a customer

unless, after reasonable inquiry, he or she has reasonable grounds to believe that the recommendation is suitable on the basis of information furnished by the customer concerning the customer's financial background, tax status, and investment objectives."

MSRB Rule G-8 specifically requires that information concerning financial background, tax status, investment objectives, and any other information used to make a suitability determination be maintained for every non-institutional municipal securities customer. Under the current rule, the minimum information that must be obtained and recorded on transactions in municipal securities unit investment trusts is:

- customer's name and address;
- whether customer is of legal age;
- customer's tax identification or Social Security number;
- customer's occupation;
- name and address of customer's employer;
- customer's income and net worth;
- customer's tax bracket information; and
- specific investment objectives, including investment time frames.

MSRB Rule G-19 covers suitability of recommendations and transactions. In recommending to a customer any municipal security transactions, a Registered Representative shall have reasonable ground:

- based upon information available from the issuer of the security or otherwise, and
- based upon the facts disclosed by such customer or otherwise known about such customer for believing that the recommendation is suitable.

MSRB Rule G-37 (Political Contributions and Prohibitions on Municipal Security Business) and MSRB Rule G-38 (Consultants), were enacted with the purpose and intent of ensuring that the high standards and integrity of the municipal securities industry are maintained. The MSRB adopted these rules in an effort to sever any connection between the making of political contributions and the awarding of municipal security business.

Rule G-37 prohibits any dealer from engaging in municipal security business with an issuer within two years after any contribution to an official of such issuer. Rule G-37 states that contributions reportable to the MSRB include those to officials of issuers and political parties of states and political subdivisions made by the dealer, any municipal finance professional, any executive officer, or any political action committee ("PAC") controlled by the dealer or any municipal finance professional. The definition of municipal finance professional does not include retail salespersons that primarily sell other products. Therefore, no MSC Representative should fall under the definition. Any Representative who believes that he or she may be covered must immediately notify the Compliance Department.

Rule G-38 applies to "municipal securities consultants" used by a dealer to obtain or retain municipal securities business. No MSC Representative may function in this capacity.

NOTE: MSC does not currently engage in municipal securities business as defined in Rule G-37 or Rule G-38.

4.9 DIRECT PARTICIPATION PROGRAMS (DPPs)

The Representative is responsible for making sure each program has been approved by MSC and is blue skyed in the state in which it is being offered (i.e., the state in which the client resides). Products that have been reviewed and approved by MSC are listed on MSC's Web site. These listings also include the states in which the products are blue skyed.

Programs may only be offered to clients who meet the suitability requirements defined in the program offering documents. The Representative must conduct a careful review of the client's financial status and investment objectives when considering any direct participation program. (Details on handling orders are contained in the Operations Manual.) *Note:* To meet MSC's general suitability guidelines for investment in a limited partnership, a prospective investor must: be under 70 years of age, have less than 15% of his liquid net worth in limited partnerships (25% of LNW for MSC approved REITS), have a net worth of $100,000 or more, and have an annual income of $35,000 or more. Representatives who wish to recommend limited partnerships to clients who do not meet all of these criteria should first contact the MSC Compliance Department to discuss suitability for the investment.

When evaluating a client's financial condition and investment objectives, Representatives must be extremely careful to review with their client the illiquid nature of these investments. The client must be fully aware that the investment is a long-term hold, and that it may be impossible to liquidate or, if it is liquidated prior to the projected holding period, a substantial loss would most likely be incurred. The liquidity factor with clients close to retirement becomes crucial when considering investment alternatives.

Representatives must be extremely careful to review the client's total portfolio and percentages of each type of investment when considering additional investment recommendations. Representatives are to guard against disproportionate allocation recommendations within a client portfolio in illiquid investments.

The sale of products that have not been approved by the Representative's broker/dealer is a serious violation of securities regulations and may be grounds for termination. (Refer Section 8.2).

No Representative shall participate in any manner, including the capacities of offeror, offeror Representative, general or limited partner, issuer, officer, or director, in a private securities transaction, except in accordance with the requirements of NASD Conduct Rule 3040. Prior to participating in any private securities transaction, a Representative must provide MSC with written notice regarding such matter, and must obtain written approval to engage in such activity. (Additional information is contained in the "Outside Business Activities & Private Securities Transaction" section of this chapter.)

There are significant restrictions on secondary limited partnership transactions. **MSC does not allow "buys" in the secondary limited partnership marketplace without special prior, writ-**

ten approval. The policy in dealing with the sale of secondary limited partnership units is as follows.

A. MSC conducts this business as an "accommodation" for customers who must liquidate limited partnership units. Therefore, the sale of these units by customers should be on an "unsolicited basis."

B. The Representative is responsible for the following steps in processing the secondary market partnership transaction:

1. Obtain and document at least three quotes from independent secondary limited partnership exchanges, in an attempt to locate the most favorable transaction price available to the client.
2. For units which were initially purchased by the customer through the Representative, the Representative must prepare a disclosure letter for the customer's signature, indicating that it is an "unsolicited sale;" that the customer realizes that the sale price of the unit may be deeply discounted, yet in his opinion the price is fair and reasonable; and that the Representative is not receiving any compensation for the trade.
3. For units a customer desires to sell which were not initially purchased through the Representative, a nominal commission may be charged by the Representative, e.g., 1-2%. This charge must be acknowledged by the customer as fair and reasonable in the "disclosure letter." All conditions other than compensation in #2 above apply.
4. The trade must be effectuated through a recognized entity/exchange that trades these units. (The Operations Department has procedures as to how MSC is involved in the trade processing.)

Oftentimes, Representatives ask if they can buy the units from the customer who desires to make the sale. When the sale price is fair and reasonable, it appears that such a transaction may be harmless. However, there are other factors to consider, especially if the Representative is a registered investment advisor. While acting as a fiduciary, there may be some additional conflicts of interest that must be addressed. Under such circumstances, the Representative should contact the MSC Compliance Department for further guidance.

Customer Suitability Statement for Direct Participation Programs.
This form must be completed and signed by the customer for each limited partnership transaction.

4.10 VARIABLE PRODUCTS

Variable rate insurance products, which include variable life insurance policies and variable annuities contracts, are considered securities. In order to determine suitability, the Representative will need to gather client information that includes, but is not limited to, completion of the MSC New Account Form and the Variable Products Client Suitability Disclosure Form. Additional suitability considerations are the timely deliver of the prospectus to the client, the use of pre-approval of sales literature, broker/dealer disclosure on all public communications, and all other securities sales practice requirements discussed in this Manual.

A current prospectus should be given to the customer when a variable annuity contract is recommended. Prospectus information about important factors, such as fees and expenses and the illiquid nature of the product, should be discussed with and understood by the investor.

Commissions on this product may not be split with another broker/dealer or their Representatives without prior written approval from an MSC Compliance Department. Any commission-split arrangement agreed to by MSC must be done at the insurance company level and not at the broker/dealer level. The other broker/dealer must also be in agreement with the proposal. All commission payments will be directed to the respected broker/dealers and not to the registered Representative.

Variable products are a long-term investment and a highly sophisticated security. When reviewing and evaluating clients' financial condition and investment objectives, a Representative needs to take into consideration many suitability factors in making a recommendation to a client. Suitability considerations that should be examined for the sale of variable products are:

- a representation by a customer that his or her life insurance needs was already adequately met;
- express preference for an investment over an insurance product;
- customer's ability to understand the complexity of variable products generally;
- willingness to invest a set amount on a periodic basis;
- need for liquidity;
- time horizons;
- immediate liquidity need for retirement income; and
- investor sophistication and whether he is able to monitor the investment performance of the separate account.

Representatives must also discuss with and make clients aware of the holding period and that there could be penalty and tax consequences with an early withdrawal, liquidity issues and how surrender charges may effect investment proceeds, and the cost of insurance as it relates to the premium payment. In addition, variable annuities impose many fees that the client should be made aware of how and when they would be incurred:

- Surrender Charges – money client will owe if money is withdrawn from the annuity before specified period.
- Mortality and Expense Risk Charges – what insurance company charges for taking on the risk.
- Administrative Fees – record keeping and other administrative expenses.
- Underlying Fund Expense – relating to investment options.
- Charges for Special Features – basis point charge for stepped up death-benefit or guaranteed minimum income benefit.

If the client has a variable product, the Representative should not recommend that it be replaced unless the new variable investment has superior benefits, or improves the customer's positions. If the new contract has essentially the same features and investment selections as the old contract, the replacement may be viewed as being made just to generate commissions. The Representative

should be able to provide documentation of suitability and the rationale for the replacement if requested, otherwise the transaction may be viewed as unsuitable and returned to the client.

A. **Variable Product Customer Suitability Disclosure Form -** Over the years, there has been a dramatic increase in the sale of variable products. Further regulations have been promulgated to protect and inform the investor of variable products. As a result of this growth, Mutual Service Corporation has developed new procedures in order to improve disclosures to the client and to better determine client suitability for the trade. These changes are becoming accepted industry practice.

In addition to the usual forms to fill out (New Account Form and W-9), Mutual Service Corporation requires that a Variable Product Customer Suitability Disclosure Form be completed for all new variable business submitted by the Representatives. In addition, transfers from a fixed or variable product into a variable product require that a Variable Suitability Customer Disclosure Form be completed. Blank forms are available on MSC's Web site and are an integrated part of Advisor On-Line's order entry system.

The Variable Product Customer Suitability Disclosure Form is to be signed by both the client and the Registered Representative prior to the sale, and should be maintained in the client file. It is not to be mailed to Mutual Service Corporation. The client should also be provided a copy of the disclosure form to fulfill the obligation to advise the client of important fee disclosures and other compliance-related concerns. The data from this form is to be entered into Advisor On-Line and then uploaded to MSC on a daily basis.

B. **1035 Exchanges -** A "1035 Exchange" is a reference to the IRS tax code section 1035 that allows an insurance contract to be exchanged for a new life insurance policy or annuity contract without paying tax on the income and gains earned. This can be of substantial benefit to the client. However, if a client is in a variable product, the Representative should not recommend replacement of the current product unless the new variable product would provide added benefit to the client. Otherwise the replacement may be viewed as being made just to generate a commission. Such conduct is prohibited under NASD rules regarding fair dealing with customers.

Some of the reasons for a 1035 exchange are:

- increase in the number investment options,
- less expensive variable product,
- enhanced death and living benefits,
- client has left plan or the plan has been terminated, and
- poor investment returns.

The client should be informed of any surrender charges he might incur due to the exchange. The client should be informed of how long the new holding period is and what the new surrender charges will be. Of other importance is to make sure that the client will not be having an immediate or short-term need for the money, because the client will now be subject to the new holding period and surrender charges.

C. **Variable Products Purchased within a Qualified Account** - If a client is investing in a variable annuity through a tax-advantaged retirement plan, he must be informed that there will be no additional tax advantage from the variable product. The Representative should not recommend a variable annuity unless the annuity's other features, such as lifetime income payments and death benefit protection, are the benefits the client is seeking.

D. **Variable Life Insurance Financing** - If a client is financing the purchase of a variable life insurance policy from a loan or cash value of another insurance policy, it is the Representative's responsibility to inform the client of the substantial risk involved. The Representative must inform the client that there is a chance that both policies could be lost due to poor performance of the existing policy. The Representative must make clear that, if the existing policy performs poorly, it may not be able to make the payment on the new policy. The Representative must also make clear that the client may be faced with not only making the payment from another source, but that the client will also need to repay the loan from the original policy.

E. **Bonus Credits** - Some insurance companies are now offering variable products with bonus credit features. These enhanced features promise to add a bonus to the contract value based on a specific percentage of purchase payments. While this provides an immediate return for the client and is often used to offset surrender charges, it may carry a downside. The higher expenses may outweigh the benefit of the bonus credit offered. The use of this type of product is reviewed regularly by the Compliance Department's Trade Review Team for irregularities.

The client needs to be informed that there are usually higher surrender charges, longer surrender periods, higher mortality and expense risk charges, and possibly other higher charges associated with the bonus product as compared with normal annuity.

F. **Advertising** - Many Representatives use promotional material provided by the sponsor companies. The sponsor company should be able to provide information regarding whether their material has received a NASD comment letter and that it is approved for use with the general public. While this may be true, the Representative is still required to submit all advertising for use to Mutual Service Corporation for broker/dealer approval. The NASD comment letter from the sponsor should be provided to the compliance department to expedite approval.

Many times a Representative will create his own advertisement containing variable product information. Please keep in mind all variable annuity advertising must be submitted to the NASD for approval 10 days from first use, so it is important that sales material be provided to the Compliance Department in a timely manner. MSC will make every attempt to complete the review of sales material within a two-day timeframe, however certain conditions may result in a longer review period.

Hypothetical illustrations must meet several conditions. This is so they will not be construed as projections and to ensure that the client is being given a clear understanding in evaluating the facts of the annuity. The illustration may show rates up to 12% provided that 0% rate are also presented. Such illustrations must reflect the costs associated with the variable life product, including ongoing and mortality and expense risk charges, administrative costs, and surrender charges. The presentation should disclose clearly that it is a hypothetical illustration intended to show how the annuity operates and that it does not predict or guarantee investment results.

Web sites and correspondence are viewed as forms of advertising and, if they contain information related to variable annuities, are subject to all advertising rules and regulations. The advertising section of this manual contains a complete explanation of MSC and NASD policies and regulations.

G. **Supervision of Variable Trades** - NASD rules mandate that a Principal reviews a blotter of all daily transactions. In an attempt to further enhance the daily review process, MSC has developed the Trade Review Team, which reports to the Compliance Department. The Trade Review Team's mission is to add an additional level of review to all transactions that break certain pre-established transaction parameters ("red flags"). If a transaction is selected as a result of these parameters, it will be referred to the Trade Review Team for research and suitability evaluation.

Items that could cause MSC to examine a variable product transaction in closer detail could be, age of client, investments that are a significant portion of the clients income and liquid net worth, and the total amount of the investment. If the investment is an exchange, in addition to the items mentioned, short holding periods and large surrender charges, if any, could cause further review.

The Trade Review Team, after daily internal reviews, may do any or all of the following to complete its investigation:

- consult with Marketing Service Department regarding specific features of the product being sold,
- contact the OSJ/Branch Manager and/or Representative for additional information,
- review internal records on the client and the transaction, and
- review any other client suitability data the Representative can provide.

If after careful consideration a transaction is deemed to be unsuitable by both the Trade Review Team and senior members of the Compliance and Operations Departments, the OSJ/Branch Manager and/or Representative will be contacted to discuss denial of the transaction. The product sponsor will then be contacted to terminate the processing of the transaction.

Questions or concerns about sales practice issues involving variable products should be directed to the Compliance Department prior to meeting with the client.

H. Policy Delivery – It is customary for variable product sponsors to deliver the contract to the representative for their presentation and delivery to the client. It is MSC's policy to require that the representative make all efforts possible to make confirmed delivery of the policy to the client within three (3) business days of receipt. The client is allowed a "free-look" period which is outlined in the product's prospectus (typically ten to fifteen days), during which they have the privilege of canceling the contract for a full refund. Outside of the "free-look" period, if the client wishes to surrender the contract, they will be subject to the CDSC charge and any loss in the market incurred from the date of issue until the surrender date. Should a representative fail to deliver the contract in a timely manner and the client chooses to exercise their right to a "free-look", the representative may be required to make up the difference in CDSC and /or any market loss.

4.11 LIFE SETTLEMENTS

1. **Definition:** In its simplest form, a life settlement involves the sale of an in-force life insurance policy where the insured is at least 65 years of age, in return for consideration greater than the policy's cash surrender value, and less that the policy's face amount. More specifically, a life Settlement allows a policy owner to sell an existing life insurance policy to a financial institution in exchange for an immediate lump sum cash payment, which is a discounted percentage of the policy's face value. This cash settlement represents the present day value of the policy and is determined by considering the insured's estimated mortality (life expectancy) and the associated cost of premiums to keep the policy in force for that timeframe.

2. **What it is and What it is Not:** The life settlement is a sophisticated financial planning tool for older affluent individuals. It is generally for insureds over age 65, with a life expectancy of 15 years or less, who have had a change in health but are not terminally ill. The face amounts of the life policies used in these agreements tend to be large. Institutions are the buyers of life insurance policies sold within a life settlement transaction. A viatical settlement, on the other hand, is purchased when the insured has a life expectancy of generally 24 months or less (specific regulations vary by state). Typically, viatical settlement transactions are on the small side, generally involving face amounts of $50,000 or so. A viatical settlement often relies on an individual investor for financing, and often times the investor knows the identity of the insured and policyholder.

3. **Suitability Requirements:**
- Anyone 65 years of age or older who has had a "material" change in health status since the life insurance policy was issued
- A life expectancy of 15 years or less
- A life insurance policy with a minimum face amount of $250,000
- Any type of policy, including term life insurance if it is convertible

4. **Providers:** MSC utilizes one approved institutional buyer (funder/purchaser) for life settlement transactions; Coventry First. No other life settlement company may be called upon to provide this service. Additionally, viatical settlements may not be sold by representatives of Mutual Service Corporation, nor may a viatical settlement company be engaged to provide consultation.

5.00 BRANCH OFFICE PROCEDURES

5.1 EXTERNAL CONTACTS BY REGULATORY AGENCIES

Several regulatory agencies perform regular and random inspections of branch offices. When an examiner from a securities regulatory agency visits a branch office to conduct an inspection, each branch is required to cooperate in furnishing access to any books and records requested. Representatives should first be sure to check the examiner's credentials/identification and then direct the examiner to speak first with the branch office compliance Representative (or OSJ principal, when applicable) before conducting the inspection. MSC's Compliance Department must be immediately notified of all inspections performed by a regulatory agency. The branch office compliance Representative should request that, upon completion of the examination, the examiner conduct an "exit interview" to discuss any problems or concerns. After the inspection has been performed, the MSC Compliance Department should be notified of any findings the examiner may have had.

All documents and/or correspondence between the branch and a regulatory body should be copied to the Compliance Department. Correspondence cannot be sent to any securities regulatory agency by a Registered Representative without the prior review and approval of the home office's Compliance Department.

5.2 MSC BRANCH INSPECTION PROGRAM

MSC performs regular inspections of all branches. Each branch will be contacted by the appropriate body to schedule a date where specific directions regarding the audit will be given. After the inspection has been performed, each branch will receive an Exit Letter to describe all concerns that were noted. This letter will be sent and, in some cases, the branch may be asked to respond in writing to the Exit Letter. A response letter is required no later than 30-days after receipt of the exit letter. The response should acknowledge all concerns that were noted with an explanation of all corrective measures. Significant compliance issues are documented and represented to senior Compliance Principals for follow up action, if necessary. Subsequent audits will review the items noted in previous years to ensure that all deficiencies have been corrected.

OSJ Branch Office locations are inspected no less than once a year by the Home Office Compliance staff or their designee. This on-site inspection includes a review of all aspects of branch operations and a review of sales practices. The OSJ/ Branch Manager must also visit each branch office reporting directly to them at least once a year.

While MSC Compliance has the responsibility to inspect branch office locations, in certain circumstances, this requirement may not be met despite all reasonable efforts to complete the requirement due to unforeseen conditions. In such situations, a Request of Waiver form will need to be completed and approved by the Compliance department. All requests must be provided in writing to ensure the proper review may be conducted. Offices that join MSC after July 31st may not be audited in that calendar year, however, will be added to the required exam cycle for subsequent years.

Other branch offices are visited on a cyclical basis. These inspections are scheduled annually or bi-annually, depending on a number of factors, such as office size, volume of activity, production, complaints or possible known sales practice violations, unusual trading activity, and number of Representatives. MSC may elect to schedule a branch inspection every three years if securities production is very limited. Likewise, if the branch office inspection results in significant record keeping or other problems, the branch will be subject to semi-annual inspections at the discretion of the Compliance Department or other senior management.

MSC schedules unannounced branch inspections on a surprise basis, which are conducted by the home office compliance staff when appropriate and on an exception basis. MSC reserves the right to perform surprise inspections on **all** branch locations.

5.3 INCOMING MAIL

An important part of the office supervisory system is the screening of incoming mail. In compliance with the rules of the various regulatory agencies, it is MSC's policy that all incoming mail be opened by the manager or by a person designated by the OSJ/Branch Manager of the branch office. This includes mail addressed to, or to the attention of, Representatives or employees.

In addition, all Representatives and branch employees must be instructed that mail from customers should be addressed only to the MSC home office or to the branch office -- not to residences or post office boxes of Representatives.

Early detection of possible problems and speedy response to complaints are absolutely necessary to prevent litigation. Correspondence containing complaints or allegations of improper or irregular conduct must be brought to the OSJ/Branch Manager's attention immediately. Correspondence relating to instructions for the execution of orders (including tenders, execution of rights, and conversion privileges) should be opened and time stamped. The correspondence containing orders should be distributed promptly and, in the case of absentees, the proper person should be notified that an order has been received for entry. The balance of the mail should be sorted, and securities and checks must be recorded on the log and forwarded to the proper clearing firm immediately.

If this delegated person is not registered with the NASD, a fingerprint card must be submitted to MSC in accordance with SEC Rule 17f-2. This delegation letter should contain, but not be limited to, specific instructions with respect to the handling of:

- cash, checks, stock powers, securities, etc.;
- letters of inquiry or complaint from customers;
- communications from regulatory authorities; and
- correspondence that could indicate potential violations by registered personnel, such as selling away, unauthorized discretion, sharing in customer accounts, commingling of funds, arrangement of loans, compensation from a source other than MSC, or any correspondence, etc., that might indicate a Representative having financial difficulties.

If registered personnel and branch employees do not wish their personal mail to be subjected to opening and review by supervisory personnel, they should advise all correspondences other than

customers to direct all personal mail to the Representative's or employee's home address or post office box, not to the MSC branch office.

5.4 COMMISSION SHARING AND REFERRAL FEES

There are occasionally questions regarding the circumstances under which commissions can be shared with another person. There are a number of aspects, based upon with whom the commissions are to be shared.

- Commissions or fees ***cannot*** be shared with any person who is not a Representative.
- Commissions or fees ***cannot*** be shared with any Representative who is associated with another broker/dealer without the prior written consent of both MSC and the other broker/dealer. Such consent is rare.
- Commissions ***can*** be shared between or among Representatives associated with MSC. The Commissions Department must be notified of the percentage to be paid to each Representative and will arrange for the disbursement.

Questions also occur regarding the circumstances under which an MSC Representative can pay a referral fee to another person or receive a referral fee from another person, such as another Representative or someone who is not a Representative, i.e., an attorney or accountant. ***Referral fees cannot be paid or received.***

5.5 GIVING OF GRATUITIES

MSC's policy is to refrain from giving gratuities or gifts to individuals, principals, officers, and employees of MSC, NASD, the Exchanges, other regulatory bodies, financial institutions, news/financial information media, non-member brokers and dealers, and service organizations doing business with the corporation. This policy shall be interpreted to exclude Christmas gratuities to service staff members, provided such gratuities are consistent with services rendered.

Officers and office managers who desire to obtain exceptions for the purpose of giving gifts or gratuities to proposed recipients covered by the prohibitions contained in this policy should direct their written requests to the MSC Compliance Department for prior approval. All requests should be in writing and should include the name, position, and organization of the proposed recipient; the nature and dollar value of the gratuity; and the reason for giving the gift. Approval will normally be considered only if the proposed gratuity is in the form of merchandise of a value of $100 or less.

It is expected that the selection of proposed recipients and gifts will be governed by good taste and judgment, and will be consistent with the relationship between MSC and the recipient's organization.

5.6 FINANCIAL RELATIONSHIPS WITH CLIENTS

MSC takes the position that Representatives should avoid entering into financial transactions with customers in order to preclude potential conflicts of interest. Under no circumstances may a Representative engage in any type of financial relationship or arrangement outside of the established Firm commission structure. Prohibited practices, include, but are not limited to:

- lending to or borrowing money from a customer;
- pooling funds for investment purposes with a customer;
- sharing in directly or indirectly in the profits or losses of or having any beneficial interest in, the account of any client;
- endorsing or guaranteeing loans to a customer;
- participating in the profits or losses in a customer's account;
- guaranteeing a customer against losses or agreeing to repurchase a customer's security or contract;
- acting as agent for a customer in arranging for financing or any other transaction not directly part of the Firm's business;
- engaging in private securities transactions;
- agreeing to rebate or share any portion of one's compensation with any other person or organization; and
- settling a complaint by making any payment to the customer.

If a client's check was inadvertently made payable to the Representative or to an account controlled by the Representative, the check must be returned immediately to the client. Under no circumstances can the Representative deposit a client check into their account.

5.7 CLIENT FILES

A client's securities file should include a current Mutual Service Corporation New Account Form (printed via Advisor On-Line) for each account registration. The New Account Form should be completed and entered via Advisor On-Line prior to conducting a transaction. If a Representative is in a designated OSJ branch office or reports to an OSJ branch office, the Branch Manager shall review the blotter of New Accounts opened in the day and approve the accounts by evidence of his initials on the blotter or some other format by which evidence of review is documented. New Account Forms shall not be sent to the Home Office, however the signed arbitration agreement and W-9 form is required to be signed by the client and forwarded to the Home Office upon account opening.

Client files should also include the following:

1. Copies of applications for mutual funds, direct participation programs, and variable products.
2. Copies of any checks or securities received and forwarded -- the same day as received. (It is a violation to hold any checks or securities overnight.)
3. If using Advisor On-Line, it is not necessary to print evidence of transaction entry, however transactions executed using NetExchange Pro are required to be evidenced in client files by a copy of the print screen of the execution.
4. Confirmations and statements. Representatives are required to promptly review each confirmation and statement for accuracy. The home office should be informed of any errors immediately. Confirms and statements may be maintained electronically.
5. All correspondence to and from clients, including prospectus receipt forms and handwritten notes. Solicitation and recommendation letters require prior approval by a designated branch OSJ principal and a home office principal.

6. Any additional documents required by the home office to complete a transaction or a new account set-up.
7. Any type of client suitability or disclosure forms, including, but not limited to, variable suitability, mutual fund, and DPP suitability forms.

Note: Each account registration opened for a client requires a separate client file and a separate New Account Form. For example, an individual client's account is considered separate from his IRA account and, therefore, requires a separate file. In addition, Representatives should separate securities-related account files from any subsidiary business activities files and records, such as non-security insurance products or registered investment advisory services, including Special CLASS account files. In addition to the above, the Special CLASS client file should include a Special CLASS Client Service Agreement, a customer profile form, and all other materials supporting advice and recommendations.

5.8 CENTRALIZED BRANCH OFFICE LOGS

A. **Daily Trade Log** – Each registered branch office should maintain a chronological Daily Trade Log (Exhibit C) that lists securities orders of all types placed through the office. This log assists in the review of the office's business, tracking of commissions, and completion of paperwork. It should include the date of the transaction, the client's name, whether the trade was a buy or sell, the dollar or share amount, the name of the product, the execution price (for transactions through NetExchange Pro, the Representative's number, and, if desired, the commission amount). If using Advisor On-Line and NetExchange Pro, transaction blotters should be printed daily for the Representative's files. Together, these two blotters should provide all the daily transactions for review. Therefore, it is no longer necessary to create a handwritten blotter, unless a trade is not executed through NetExchange Pro and/or there is a problem with any of the programs.

B. **Check Receipt Log** – Each office should maintain a chronological Check Receipt Log (Exhibit D) that documents all checks received from clients for securities transactions. This log demonstrates that the Representative is not violating the SEC's Customer Protection Rule by holding customer funds. This log should include the date the check was received, the client's name, the amount of the check, to whom the check is made payable, the date forwarded, the destination, and the initials of the processor. A combination of this and the Daily Trade Log, including all the information from both above-mentioned logs, is acceptable. This blotter must still be maintained manually. In a future version of Advisor On-Line, this blotter will be incorporated into the program so that it too is generated electronically. Client Special CLASS account checks should also be recorded on this log. The Representative should also continue to maintain copies of client checks in the client file. Checks made payable to the Representative may not be accepted.

C. **Securities Receipt Log** – Each office should maintain a chronological Securities Receipt Log (Exhibit E) on which they record any security accepted from a client. Like checks, securities may not be held in the branch office. Under no circumstances should certificates be held overnight in a Representative's office; securities must be

forwarded the same day as received by registered mail, return receipt requested (or some other traceable carrier). This blotter must still be maintained manually. In a future version of Advisor On-Line, this blotter may be incorporated into the program so that it too is generated electronically. MSC suggests that the Representative not accept securities, but have clients mail the certificates directly to MSC's Operations Department via registered mail, return receipt requested (or via some other form of transmission that can be traced). If a Representative accepts securities into his possession, and the securities are lost or stolen, the Representative is personally responsible for any money lost by the client.

5.9 CENTRALIZED BRANCH OFFICE FILES

For office supervision, the NASD requires that the following centralized files be maintained.

A. **Client Complaint File** – This file should contain complete documentation of all written complaints and memos of any verbal complaints. Any matter that a Representative perceives as a present or foreseeable problem should be documented. From a regulatory standpoint, this file is often used to verify a Representative's awareness of a client complaint and the actions taken to resolve the dispute. A copy should be forwarded immediately, along with any corresponding documentation, to MSC's Compliance Department. Private settlements of client complaints are never permitted. Even if there are no complaints filed, a folder titled "Customer Complaints" must be maintained in the central files.

B. **Correspondence File** – Client correspondence may be kept in a centralized file or within the client file. Either way, copies of all security-related client correspondence must be maintained. Although most correspondence, such as operational letters, can be filed and sent to the client, security correspondence involving solicitations or recommendations must be forwarded for review to the OSJ Principal (if applicable), and then to the Compliance Department for final review and approval, prior to being sent to the client. The file should contain copies of such correspondence showing evidence of principal approval. The NASD requires that a Representative's security stationery disclose his affiliation with Mutual Service Corporation. Please remember that e-mail is considered correspondence and must be maintained in the same manner as any other correspondence.

C. **Advertisement File** – This file should contain the final approved copy of any sales literature or advertisement used by a Representative's office. MSC must pre-approve Representative advertisements and sales literature. Material requiring approval includes, but is not limited to, stationery, business cards, advertisements, Web sites, radio or television ads, brochures, form letters, etc. After MSC's Compliance Department approves NASD-acceptable ads, final copies showing evidence of the approval is sent to the branch and should be placed in the branch's central advertisement file. All advertising should be submitted approximately two weeks before its intended use to allow proper review and approval. Generally, advertisements will be reviewed within three business days. For more lengthy and complicated pieces, such as presentations or Web sites, review may take longer. Advertisements requiring NASD re-

view and approval may take even longer. For more information on advertising procedures, please refer to the "Communications with the Public" section of this manual.

D. **Speaking Engagements File (if applicable)** – The content of this file should include copies of all approved public speaking activities forms (Exhibit F), along with an outline of the content discussed. Any material used in conjunction with the speaking engagement, such as marketing materials, flyers, and advertisements, must be submitted prior to use.

E. **Branch Examination File** – This file should contain copies of any report of examination conducted by MSC's Compliance Department, the NASD, the SEC, or any state regulatory agency. If the Branch Office has these records required by an outside party, it is important to contact the Compliance Department for guidance.

F. **Cash/Non-Cash Compensation File** – This file should contain copies of all approved cash or non-cash compensation received by the Representative. Any form of cash or non-cash compensation must be submitted to the Compliance Department for review using the Cash/Non-Cash Compensation Form (Exhibit I) prior to being accepted.

6. 00 COMMUNICATIONS WITH THE PUBLIC

Communications with the public must be reviewed and approved by the Compliance Department and OSJ/Branch Manager (if applicable) prior to use.

6.1 ADVERTISEMENTS AND SALES LITERATURE

Regulations involving a Representative's use of advertisements and sales literature are very strict. Exhibit M includes some common disclosures that usually accompany certain sales literature and advertisements. This Exhibit should not be considered exhaustive, but should be used solely as a reference guide. The NASD defines advertisement and sales literature as follows:

> Advertisements include any material to be used in newspapers, magazines, radio, television, telephone or tape recordings, videotapes, signs, billboards, motion pictures, telephone directories, or other public media, including electronic messages and **Web sites.**
>
> Sales Literature includes any written communication distributed to the public (including electronic messages), such as circulars, research reports, market letters, performance reports, telemarketing scripts, form letters, seminar text, and reprints or excerpts of any other form of advertisement. Business cards and stationery are considered to be sales literature.

6.2 ADVERTISEMENTS AND SALES LITERATURE APPROVAL PROCEDURES

Representatives must submit all advertisements and sales literature, including those relating to your investment advisory registration, to the Compliance Department *prior* to being used. The following steps should be followed.

A. The advertisement must be approved and initialed by the Representative's designated OSJ principal (if applicable). Each piece should be initialed and dated to show proof of this review and approval.

B. After approval by the OSJ, the advertisement must be forwarded to MSC's Compliance Department prior to its intended use. It is extremely important to allow adequate time for review and approval of submissions. All advertising should be submitted approximately two weeks before its intended use to allow proper review and approval. Generally, advertisements will be reviewed within three business days. For more lengthy and complicated pieces, such as presentations or Web sites, review may take longer.

Some advertisements may require MSC to submit materials to the NASD for review, which currently subjects the Representative to a $75 NASD minimum filing fee and may take up to or more than three to four weeks. The NASD offers an express review service within three days for a fee of $500. Material that must be filed with the NASD before use include, but is not limited to, mutual fund materials, regardless of whether fund specific; DPP materials; CMO ads; and company-specific variable life

or variable annuity presentations, whether in the form of brochures, handouts, or newsletter article.

C. MSC's Compliance Department returns a copy of each advertisement, showing evidence of the review and approval. This copy is to be retained in the branch's central advertising file. If an advertisement has been reviewed and requires changes, it is important to make such changes. In this case, a final copy of the advertisement, showing the changes, must be attached.

D. It is very important to remember that while "limited" advertising or sales material items may not require filing with the NASD Advertising Department, the Compliance Department must review and approve the material before use with the general public.

E. Periodically the compliance department may spot check advertising to ensure that changes to final versions of ads are made. All advertising is subject to spot checks by the Compliance Department to ensure changes have been made on the final version

Note: The NASD has advised that the following disclosure must be placed on all security ads and sales literature.

**"Securities offered through Mutual Service Corporation,
Member NASD and SIPC"**

6.3 SPONSOR-PREPARED MATERIAL

With respect to sponsor-prepared material, it should *never* be assumed that the material can be used just because it came as part of a sales kit. The NASD may or may not have approved some or all of the material. The NASD requires that mutual fund, variable annuity, and limited partnership advertising and sales literature be filed with their Advertising Department. MSC's policy is that the material is to be approved by the Compliance Department prior to use by the Representative. The Representative who wishes to use the material is asked to contact the sponsor and obtain the NASD approval letter and forward it to the Compliance Department, along with the material. If there is no NASD review letter and the Representative still wants to use the material, it will need to be submitted to the NASD at the Representative's expense. At least three weeks should be allowed for the NASD reply, unless the expedited procedure is used and a fee is paid according to the current schedule. MSC has relationships with various money managers in order for Representatives to offer their services either through independent Investment Advisor registration or through corporate investment advisor registration. Any material provided by these managers must also be submitted to the Compliance Department for approval prior to use with the public.

6.4 BUSINESS CARDS AND STATIONERY

From a legal standpoint, business cards and stationery (including fax cover sheets) present a particular problem when a Representative is engaged in several investment-related industries simultaneously (i.e., securities, insurance, financial planning, and other registered investment advisory work, etc.). It is very important that a Representative not misrepresent his relationship with

MSC. Stationery and business cards should reflect the Registered Representative's registered branch office address and should also state: *"Securities offered through Mutual Service Corporation, Member NASD and SIPC."* Drafts or proofs should be forwarded to MSC's Compliance Department for approval prior to final printing. Approved copies are to be retained in the branch's advertisement file.

6.5 YELLOW PAGES

In the *Yellow Pages,* broker/dealer branch offices are normally listed under investment securities, mutual funds, and stock and bond brokers. These categories are restricted to registered broker/dealers and it is, therefore, inappropriate for any Registered Representative to be listed under these headings without disclosing MSC as the broker/dealer. Drafts should be forwarded to the Compliance Department for approval before final printing (with reference made to the sections or headings under which the advertisement will be run).

6.6 REPRESENTATIVE-PREPARED CLIENT STATEMENTS

Representatives who create securities client statements, reports, or holdings summaries should have the report format approved by the MSC Compliance Department prior to use. The following guidelines should be adhered to.

A. The effective date and nature of price or valuation must be clearly defined; e.g., for mutual funds, the report must indicate whether NAV or POP is shown; or for illiquid securities, such as DPPs, the source of any valuation must be described. Disclosures must be complete. The statement should also reflect the following disclosure:

"The information contained herein is obtained from sources believed to be reliable. This information is provided for reference purposes only and no representation is made as to its accuracy. In this regard, please refer to the statements provided by the sponsor or brokerage firms. Past performance is no guarantee of future results."

B. If the statement reflects limited partnership holdings, some or all of the following may be called for.

"DPP investments are shown (for informational purposes) at original purchase amount -- not a current value. This does not represent or warrant that a secondary market exists for these units, or that they could be sold for the amount shown. Secondary (resale) markets, if any exist, generally deeply discount such units. In addition, it is impossible to determine the actual return on a limited partnership investment until all of the assets within the partnership have been sold and the proceeds have been distributed to the investors."

C. Broker/dealer disclosure should be included:

"Securities offered through Mutual Service Corporation,
member NASD and SIPC."

D. Report software, provided by third parties, should be reviewed and approved by MSC's Compliance Department, particularly when it involves the sale of securities or the offer of advisory services. Representatives are advised that the use of some of this software with the public may trigger investment advisory registration requirements.

6.7 INTERNET COMMUNICATIONS AND WEB SITES

The use of the Internet to communicate electronically by e-mail, bulletin boards, chat rooms, and Web sites may be viewed as correspondence, public forums, advertising, or sales literature. These methods of communication are covered under the NASD Conduct Rules if they involve securities products or services, and are subject to review and approval by the Compliance Department.

It is important to understand that the compliance responsibilities remain the same, regardless of whether the communication is via the Internet, face-to-face discussions, advertising, or written correspondence with the public. Currently there are no "separate rules" in use for preparing advertising material for the Internet, but special care should be exercised. Internet material is subject to the same standards and review procedures as other forms of advertisement and sales materials. Approval of Internet material should be maintained in your advertising file and available during branch inspections. **Any changes to a Web site must be submitted to Compliance for approval prior to going live.** A Web site amendment log (Exhibit J) should be maintained and contain an entry for each change made to a Web site after its initial review and approval.

For more information and guidance on the important compliance issues relating to the uses of Internet, the MSC Compliance Department should be contacted. The following points should be considered when preparing Internet material.

A. Web site review requires the Representative to print a hard copy of the entire Web site, along with any links or articles, for proper review and approval. The only exception may be companies that MSC's Compliance Department agrees to review via electronically. After MSC's review, the Representative will receive an approved hard copy from the Compliance Department to be maintained in the branch's advertisement file.

B. Internet communications pose special licensing issues due to the accessibility to the public across jurisdictional lines. Disclosure must be included regarding securities state registration.

"Information relating to securities is intended for use by individuals residing in (list states securities licensed) only."

C. If a Registered Investment Advisor, disclosure must be included regarding advisory state registration.

"Investment advisory services may be offered through this Web site to residents of (list states advisory registered) only."

D. The Web site must include the broker/dealer disclosure.

"Securities offered through Mutual Service Corporation, member NASD/SIPC"

E. The use of current information is extremely important. Outdated information runs a high risk of being inaccurate and may mislead investors.

F. Linking to other sites is a concern, because other sites may contain misleading or incorrect information. A link disclosure should be on pages that contain a link to other sites.

"In this section, you may be leaving (name of Web site) Web site and you will be viewing material from other Web sites that may not be regulated by NASD and SEC. Information in this section is not to be considered a recommendation or an offer to purchase any product. Although the information provided herein has been obtained from sources believed to be reliable, we make no representation as to its accuracy or completeness and it should be relied upon as such. (Name of Web site) and Mutual Service Corporation accepts no liability for any direct or consequential loss arising from any use of this information or its contents."

6.8 PUBLIC SPEAKING

When a Representative plans to discuss the sale of securities at any public gathering (i.e., seminar, radio, or television show), the discussion must be outlined and forwarded to MSC's Compliance Department for review and pre-approval. An MSC Speaking Engagement form (Exhibit F) must be completed and forwarded to the home office. During the presentation, the Representative must not deviate from the prepared outline. Any securities-related sales literature or handouts to be distributed, as well as any slides, advertisements, or invitations, must be forwarded to MSC's Compliance Department for pre-approval. Prospectuses should be distributed at seminars if a specific product is discussed. Additionally, the broker/dealer affiliation with MSC should be clearly disclosed

6.9 REVIEW OF CORRESPONDENCE AND USE OF E-MAIL

All written correspondence and electronic communications relating to securities products and services are subject to review and approval by a securities principal. Certain types of communication must also be filed with the NASD Advertising Department for review and approval. The context and nature of the communication must be reviewed to determine the level of review necessary for approval. The following are general guidelines to be followed when communicating with the public through direct correspondence.

A. Outgoing correspondence. Pre-approval is required for all correspondence (including electronic mail) initiated by a Representative, which pertains to the recommendation or solicitation of securities products. An OSJ Principal and the Compliance Department must provide approval prior to mailing. Initialing and dating the approval directly on the communication and retaining it in the client files and/or a correspon-

dence file shall evidence this approval. A post-review may be conducted on all other types of correspondence during the OSJ and/or branch office audit. Copies of such correspondence are to be retained for a period of not less than three years.

B. **Incoming correspondence.** Proper review of incoming correspondence is also very important. A single person should be designated in the branch office to open and review all incoming correspondence. Incoming correspondence should not be given to each Representative. The person reviewing incoming correspondence does not need to be registered; however they should have fingerprints on file with MSC. The person reviewing the incoming correspondence should report all client complaint matters to the appropriate principal immediately. Reporting compliance matters to MSC's Compliance Department in a timely fashion is not only important under NASD regulations and internal procedures, but is also necessary to ensure that E&O insurance coverage is granted. Processing the receipt of client checks within client correspondence is another significant review procedure. All client checks must be forwarded from the branch within a 24-hour period and posted to the branch's check receipt log.

C. **Electronic Mail.** It is important to understand that e-mail is considered correspondence, and is subject to the same review procedure as other types of correspondence. Again the OSJ/Branch Manager should be advising the representatives NOT to send e-mail to clients from a computer without providing a copy for his prior review. MSC procedures require that copies of all e-mail correspondence be maintained in the client's file and are available for review. Please review the Compliance Manual for a more complete review of correspondence review procedures.

MSC's incoming mail is under the supervision of the Operations Department. All mail is opened immediately upon receipt to assure that all securities and checks are promptly forwarded to the proper Operations area for processing and that client complaints or regulatory inquiries are promptly routed to the Compliance Department. All branch mail is opened by the compliance Representative or his designee, who follows the same procedures as the home office.

6.10 INSTANT MESSAGING

MSC prohibits the use of Instant Messaging with securities clients. Unlike e-mail, which can be stored for record keeping purposes, instant messaging cannot be stored. Please contact the Compliance Department if you have any questions regarding this policy.

6.11 VARIABLE INSURANCE COMMUNICATION GUIDELINES

The sale of variable life insurance requires delivery of a prospectus and illustration. Illustration software or printouts are provided by MSC Representatives to their clients in an NASD-approved format, and must be delivered in their entirety, with no highlighting or other emphasis added. Any other material designed to accompany or support the illustration and prospectus must be pre-approved by MSC's Compliance Department. NASD filing is often also necessary. The guidelines established for communications about variable products specifically include not only the items discussed above, but also individualized communications, such as personalized letters and printed or on-screen computer illustrations.

In light of the complexities and unique nature of variable products, it is essential that potential investors understand what they are being offered. NASD rules and MSC policy require communications concerning variable products to clearly identify the product. In order to prevent confusion in sales material, no statement or presentation may indicate or imply that the product offered or its underlying account is a mutual fund. Although variable product separate accounts may ultimately be invested in mutual funds, there are significant material differences between a variable product investment and a direct mutual fund investment.

As products with potentially substantial tax penalties and charges for early withdrawal, variable products must not be presented by MSC Representatives as short-term, liquid investments. Any discussions or presentations concerning liquidity or accessibility to investment values must be balanced by disclosure of the impact of early withdrawal, such as sales loads, tax penalties, and potential loss of principal. Additionally, regarding the liquidity of variable life insurance products, a balanced presentation requires a discussion of the impact of loans and withdrawals on cash values and death benefits.

Guarantees by insurance companies, such as minimum death benefit, a schedule of annuity payments, or a fixed return on the investment account, all depend on the claims-paying ability of the issuer and, thus, must not be exaggerated. Representatives are prohibited from representing or implying that the investment return or principal value of the separate investment account is guaranteed, or that an insurance company's financial ratings apply to the sub-accounts.

Variable life insurance allows purchasers to combine life insurance coverage and tax-deferred accumulation of excess premium payments in one contract. Because such products are designed to serve both insurance and investing needs, communications about these products must provide a balanced discussion of these features. However, because single-premium variable life insurance is predominantly designed to meet investment needs, communications with the public may emphasize the investment features of this product as long as an adequate explanation of the life insurance feature is given.

Hypothetical illustrations of variable life insurance products using assumed rates of return may be used to show how performance of the underlying investment accounts could affect the policy cash value and death benefit, but may not be used to predict or project investment results.

All illustrations must show a hypothetical 0% gross rate of return, and may show any additional combination of rates of return up to and including a gross rate of 12%, although Representatives are cautioned to choose a rate that is reasonable given current market conditions. All illustrations of rates of return must reflect maximum charges, though illustrations may reflect current charges in addition to maximum charges.

Clear disclosure must precede any illustration that explains the purpose and hypothetical nature of the illustration. It is potentially misleading and generally inappropriate to compare a variable life insurance policy with another product, including variable annuity, because the purpose of such a comparison exceeds the purpose of illustrating how underlying investment account performance affects the policy cash value and death benefit. It is, however, permissible to use a hypothetical illustration comparing a variable life policy to a term policy with the difference in

premium invested in a side product, where the sole purpose of the comparison is to demonstrate the concept of tax-deferred growth as a result of investing in the variable product. In order for such a comparison to be balanced and complete, the comparative illustration must: use a rate of return no greater than 12% (or reasonable rate given market conditions); use the same rate of return for the variable product and the side product; deduct the same fees as those deducted from the required prospectus illustration; illustrate the side product using gross values that do not reflect the deduction of any fees; and not characterize the side product as any specific investment or investment type.

These guidelines should be adhered to in creating any variable product sales material, and their use does not preempt the required MSC Compliance Department (and often NASD) formal approval process.

In addition, any variable product advertisements or sales literature needs to be submitted to the insurance company that the product is sold through for their approval. Evidence of their approval needs to be submitted to the Compliance Department.

6.12 MUNICIPAL SECURITIES ADVERTISING AND SALES MATERIAL

Each item of advertising and sales literature will be approved by a municipal principal prior to use by the Representative. Evidence of approval should include the name of the person preparing the ad, a principal's initials, and the date of the review written on a copy of the ad or its prototype. Advertisements should be reviewed for misleading or inaccurate statements.

6.13 OPTIONS ADVERTISING AND SALE MATERIAL

Each item of advertising and sales literature will be approved by an option's principal prior to use by the Representative. Evidence of approval should include the name of the person preparing the ad, a principal's initials, and the date of the review written on a copy of the ad or its prototype. Advertisements should be reviewed for misleading or inaccurate statements.

6.14 PROHIBITED BUSINESS PRACTICES

The principal purpose for requiring pre-approval of all public communications is to assure that there is no inducement of sales through misleading information. The offering of a security may not be made without the client first receiving a prospectus, circular, or memorandum that includes sufficient information for the client to evaluate the security. Despite the existence of a prospectus, any verbal representations made by a Representative during a presentation are deemed as "sales literature" and, therefore, should not include any information that could mislead the client.

Representatives should obtain a signed Prospectus Receipt form (Exhibit G) from their clients each time a mutual fund or variable product prospectus or direct participation program memorandum is delivered.

Some specific prohibitions of activities by the Representative with regard to general sales practices, whether communicated verbally or written, are as follows.

A. A prospectus or other sales literature should not be altered by underlining, highlighting, adding, or deleting. This prohibition extends to the addition of the Representative's name and address (unless a particular piece of sales literature calls for this to be done).

B. It should not be represented or implied that the prospective purchaser will receive any specified rate of return on his investment or that he will receive a continuous, dependable, or liberal return. In fact, no representations with respect to the investment's future performance should be made, except to indicate the investment objectives as outlined in the prospectus and to give past performance statistics, if available. It should be stated that: "Past performance is not necessarily indicative of future results." Some fixed-income investments have fixed rates that should be disclosed to clients, with an explanation of the type of yield shown.

C. It should not be represented or implied that registration of the security with the SEC or any other governmental body means that the security is a suitable investment, the facts contained in the prospectus are absolutely as stated, or the management of the issuer is supervised by such governmental body. The words "approved" or "guaranteed" should never be used with respect to a security.

D. There should be no claim that the prospective purchaser will be receiving "expert" management or any other claim regarding the ability of the issuer's management except to say, in appropriate situations, that by agreement the investment will be professionally managed.

E. It should never be indicated that fiduciaries, trustees, or other "people in the know" are purchasing or have purchased the investment being offered.

F. The phrase "dollar averaging" should never be used with respect to any plan of continuous investment in the shares of an investment company. The SEC strongly objects to this. The phrase "dollar cost averaging" may be used, but, in doing so, it must be pointed out that the discontinuance of the purchase of the security prior to the completion of the plan may detract from the benefits otherwise hoped to be derived from the "dollar cost averaging."

G. Reprints of articles about securities should not be used, even though they have been previously distributed by others, unless they are submitted to the MSC Compliance Department for approval.

H. There are specific requirements when using testimonials in communications with the public. The Compliance Department must be contacted before preparing any communications that include testimonials. Generally, MSC does not permit testimonials.

I. The MSC *Mutual Interests* newsletter or other internal memorandums are for internal use only and should not be given to clients or vendors.

7.00 CONDUCT OF BUSINESS

7.1 PROHIBITED FINANCIAL PRACTICES INVOLVING CUSTOMER ACCOUNTS

Financial arrangements between Registered Representatives and clients are not permitted. Such prohibited arrangements include, but are not limited to:

A. Any sharing of profits or losses in a client account, including participation by a Representative in a partnership or investment club account, or even a joint account with anyone other than members of the Representative's immediate family.

B. A private settlement of a client's claim. The MSC Compliance Department must be informed of any complaint or claim from a client, and must review and approve the resolution.

C. Giving or receiving gifts or gratuities of any kind (unless the client is a relative or the gift is on an occasion which is customarily observed, such as a birthday or Christmas, and the value does not exceed what is customary, reasonable, and proper under the circumstances).

D. Once a commission has been charged, a Representative is prohibited from rebating back to the client any portion of that commission.

E. Commingling of funds or securities with customers is strictly prohibited. Customer checks can never be made payable to the Representative or any of the Representative's business entities.

F. The Representative is prohibited from borrowing money or securities from any client, or arranging for any personal financing for clients.

7.2 PROHIBITED PRACTICES INVOLVING REPRESENTATIVE ACCOUNTS

A. No extensions or prepayments are permitted in the Representative's personal brokerage account.

B. Personal transactions may not be timed to precede orders solicited from customers. Under no circumstance may a Representative receive a better execution price than the client on similar trades placed on the same day. Representatives should not trade to the contrary of any advice he is offering to his clients.

C. Representatives may not trade in their personal account on information produced or provided by MSC prior to receipt of such information by MSC's clientele.

D. Representative's personal purchase of "hot issues" is prohibited, and no Representative may purchase a stock on an initial public offering until all public customers have been satisfied. Hot issues are defined as securities of a public offering that trade at a premium in the secondary market whenever such trading commences. This prohibition extends to all Registered Representatives' personal brokerage accounts, whether held at MSC or any other broker/dealer.

E. All MSC Representatives are required to send to the MSC Compliance Department duplicate copies of any personal brokerage account statements for accounts held at other broker/dealers.

7.3 OTHER POLICIES AND PROHIBITED PRACTICES

A. **Personal Mail** – MSC's letterhead should not be used for personal correspondence, nor should Representatives use MSC's address to receive personal mail. Regulations require the OSJ Principal or compliance Representative to supervise correspondence. He is, therefore, responsible for opening and reviewing any mail addressed to the office, regardless of whose name appears on the envelope. Once a Representative's registration with MSC is terminated, the Representative must immediately destroy all stationery, forms, documents, etc. which reflect MSC's name or infer that the Representative is still associated with MSC. At no time should stationery which reflects a Representative's affiliation with MSC be used in a manner that misleads or misrepresents the client's and/or the Representative's affiliation with MSC.

B. **Indemnification for Violations** – If MSC experiences monetary losses or is damaged in any way as a result of a Representative's or Registered Principal's failure to adhere to any rules or regulations of MSC or any regulatory agency, it shall be deemed the responsibility of the Representative and/or the Registered Principal to satisfy all losses. The satisfaction of payment shall be obligatory whether or not the Representative or Registered Principal is currently registered with MSC. MSC is entitled to reduce commissions to the Representative and/or Registered Principal or may seek such payment directly from the person(s) responsible.

C. **Non-Authorization to Bind** – The Representative may not act as agent for MSC in any capacity unless the Representative has received specific authority to do so, in advance and in writing, by MSC's management. The Representative may not bind MSC or enter into any agreements, personal promissory notes, or contracts, written or verbal, without such advance authority. The Representative is not authorized to incur expenses on MSC's behalf, or to remit billings to MSC for any expense the Representative may incur or may have incurred, unless specific advance permission has been obtained.

D. **Tax Advice** – MSC cannot assume responsibility for advising clients on their tax situations or problems. Because of the complexity and frequent changes in the tax laws, any client seeking any form of tax advice should be advised to consult his attorney, CPA, or other qualified tax advisor.

E. **Non-Public Information** – Any non-public material information which is obtained by an MSC Representative from a corporate official or other insider, or from anyone who has access to such information, such as an attorney, banker, or accountant, must not be divulged or used as a basis for recommendations concerning any security. Any such information is considered "insider information" and must be reported to MSC's Compliance Department. (Refer to the "Detecting and Preventing Insider Trading" section in this chapter for additional information.)

F. **Circulation of Rumors** – No Representative or associated person shall in any manner circulate rumors of a sensitive nature that might affect market conditions. This rule does not prohibit discussion of unsubstantiated information widely published or broadcast by public media, provided its source and unverified nature are disclosed. However, all Representatives and associated persons must avoid misrepresentation by making statements that have no factual basis or relying on unfounded information to make recommendations.

G. **Signatures by Clients** – The Representative bear the responsibility and accept any liability for false signatures or forgeries and for any problems or controversies which may result from any questions regarding a client's authority to sign any documents which pertain to business transacted through MSC. The Representative is prohibited from signing a client's name on any document, whether such action is taken with or without the client's knowledge or consent.

H. **ERISA Requirements and Considerations** – The Employee Retirement Income Security Act of 1974 (ERISA) and its subsequent amendments have important consequences for all persons who have responsibility over or transact business with pension and profit sharing plans sponsored by employers for their employees. ERISA imposes additional duties on fiduciaries and makes them personally liable for failure to discharge their responsibilities properly. A fiduciary is defined as anyone who exercises any discretionary authority or discretionary control over the management or investment of the plan's assets. Individuals may be classified as fiduciaries if they render investment advice for a fee or for any other compensation.

All fiduciaries must adhere to the so-called "Prudent Man Rule," which states that the fiduciary must act "with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims."

The ERISA act states in detail the fiduciary responsibilities, prohibited transactions, and civil liability for losses to pension or profit sharing plans resulting from breach of fiduciary responsibility or breach of the "Prudent Man Rule."

Recent court cases have held that a brokerage firm and its brokers could be deemed fiduciaries under ERISA because of the activities of its Representatives with respect to an ERISA account. In one case, the court held that a Registered Representative

"who is effectively and realistically in control of the assets" of an ERISA account could be regarded as a fiduciary under ERISA.

Thus, a Representative could be considered legally to be a fiduciary under ERISA if the Representative conducts business or handles an account in a particular way that could be construed as controlling the assets of a retirement plan. If so, a Representative or financial planner may become personally liable for failure to discharge their fiduciary responsibilities properly. Given the fiduciary role that is part of any investment advisory relationship, advisors are strongly urged not to establish relationships with ERISA subject accounts when they act as both advisor (for a fee) and registered Representative. A significant potential liability exists because of the apparent conflict of interest.

MSC cannot assume fiduciary responsibility for accounts brought to the firm by Representatives. Should MSC be held or construed to be a fiduciary under ERISA because of the activities of one of its independent contractor Representatives, MSC holds the Representative responsible for any damages or liability that may result. Consequently, it is important that all Representatives exercise special care and gain a full understanding of the implications of ERISA, and of their responsibilities under ERISA laws. Upon request, the home office can assist the Representative in acquainting himself with the ERISA laws.

I. **Business Transactions with Client** – Entering into any business transaction with a client without the specific written approval of MSC's Compliance Department is prohibited.

J. **Avoidance of Customer Losses** – Agreeing to re-purchase at some future time a security from a client, or guaranteeing or representing in any way that the Representative or MSC will protect any customer against loss in any account or on any transaction, is prohibited.

K. **Client Loans** – Registered Representatives are prohibited from borrowing funds or securities from clients, or loaning funds or securities to clients.

L. **Churning** – Causing and/or inducing trading in a customer's account which is excessive in size or frequency in view of the customer's financial situation and needs is prohibited.

M. **Forwarding money**, confirmations, or account statements to a person or entity other than the customer, or to an address other than that of the customer, is prohibited. The MSC branch office may not be the address of record on any customer accounts.

N. **Cold Call Procedures** – High-pressure sales techniques, including concentrated and extensive unsolicited telephone calls to prospective customers, may not be employed. A "do-not-call" list of individuals who have requested no telephone solicitation must be maintained in every branch that conducts cold calling.

Abusive communications between representatives and the public, customer, or associated persons of other broker/dealers is inconsistent with the industry-wide requirement that calls for high standards of commercial honor and just and equitable principles of trade. Representatives shall not engage in communications with customers that constitute threats, intimidation, the use of profane or obscene language, or calling a person repeatedly on the telephone to annoy, abuse, or harass the called party.

Recent FTC regulations and subsequent NASD clarifications require the following procedures of all persons who use telemarketing/cold calling. The NASD defines a telephone solicitation as "the initiation of a telephone call or message for the purpose of encouraging the purchase or rental of, or investment in, property, goods, or services, which is transmitted to any person". If a phone call is made for administrative reasons, it will not be considered a telephone solicitation.

Any representative who is involved with cold calling of clients to follow these procedures:

• Telephone solicitations may only be conducted between the hours of 8 a.m. to 9 p.m. local time of the call recipient unless there is an established business relationship, expressed written permission has been received from the person allowing a call to be made outside the applicable time frame, or if the person called is a broker or dealer.

• The following information must be given to the call recipient: 1. The identity of the caller and the member firm. 2. The telephone number or address at which the caller may be contacted. 3. That the purpose of the call is to solicit the purchase of securities or related services.

• Each branch office is required to maintain its own separate do not call list. Any person that asks not to be contacted in the future should be placed on the list immediately.

• A search must be conducted on the National Do-Not-Call List. Any number found on the list cannot be contacted. It is the responsibility of the registered representative that is engaging in cold calling to obtain access to the National Do-Not-Call Registry.

The following are considered **exceptions** to using the Do-Not-Call list:

• If there is an established business relationship with the person being called, the National list does not need to be referenced. However, if the person requests to be placed on your firm's do not call list, the established business relationship is terminated. An established business relationship is considered present if the person has had any account activity or has any security position or money balance with MSC or Pershing, or if MSC is the broker/dealer of record in the previous 18 months immediately preceding the date of the call.

• If the call recipient provides prior express written consent, then the national list

does not need to be referenced. The consent must be a signed, written agreement, including the number that can be called.

• If there is a personal relationship with the call recipient, the national list does not need to be referenced. Personal relationships may be between a family member, friend, or acquaintance that would normally expect a call from you.

• If the nature of the call is administrative only.

ACCESS TO NATIONAL DO-NOT-CALL REGISTRY

It is solely the responsibility of the registered representative conducting cold calling to gain, maintain and utilize the Do-Not-Call Registry. During Branch Audit reviews, these activities will be reviewed.
Data for up to five area codes will be available for free. Beyond that, there is an annual fee of $25 per area code of data, with a maximum annual fee of $7,375 for the entire U.S. database. Violations of these rules may be subject to fines of up to $11,000 per violation. The best way to avoid violations is to make sure anyone in your office making cold calls has access to the rules, the Do-Not-Call List, and understands the cold calling procedures.

O. SIPC coverage – MSC Representatives are cautioned against stating or implying that SIPC provides insurance against the loss of a customer's investment. The sole purpose of SIPC is to protect customers against losses to their account that result from the financial failure of a broker/dealer or clearing firm (e.g., MSC or Pershing). SIPC insurance does not insure against market-related investment losses or losses related to misrepresentations by MSC or its employees, nor does it guarantee against the bankruptcy or default of the issuer of an investment security purchased by the investor. In other words, SIPC is not a guarantor of the value of a security in the manner that the U.S. government is the guarantor of the face value of U.S. treasury securities. Any representation to the contrary by MSC Representatives is grounds for dismissal.

P. MSRB Rules G-37 and G-38 govern political contributions. MSC Representatives are prohibited from making political contributions to Municipal issuer officials or payments to political parties with the intent of receiving negotiated municipal security business within two years of such contribution. Therefore, MSC's Compliance Department must be notified in writing immediately of any political contributions from any Representative considering municipal security business. The term "contribution" is defined as any gift, subscription, loan, advance, or deposit of money or anything of value made to the political entity for municipal security business. MSC is required to file with the NASD, no more than 30 days after the end of each quarter, any **reportable** political contributions from MSC to government officials who may have authority to appoint officials of an issuer or have direct or indirect responsibility and/or can influence the outcome of hiring broker/dealers for municipal securities business. MSC presently does not underwrite municipal securities nor

hire outside consultants to retain municipal securities business from an issuer. Any violation is subject to fines, suspensions, or bar.

Q. Registered Persons Acting as Purchaser Representatives – Regulatory authorities have adopted regulations and promulgated rules concerning the application of Regulation D under the Securities Act of 1933.

Rule 506 provides an exemption from registration under the 1933 Act for an issuer of restricted securities (particularly limited partnerships) if the offering has more than 35 purchasers who are non-accredited investors. In order to qualify under Rule 506, the issuer of securities must reasonably believe, prior to making the sale, that the non-accredited investors, either alone or with their "Purchaser Representatives," understand the merits and risks of the particular investment. Rule 506 requires that an issuer of securities be sure each purchaser meets certain standards of sophistication. The rule provides for the concept of a "Purchaser Representative" so that unsophisticated purchaser may participate in the offering if a Purchaser Representative is present and has evaluated the investment.

The term "Purchaser Representative" refers to a person who acts on behalf of a non-accredited investor who does not represent himself as being sophisticated enough to evaluate a proposed investment. More specifically, SEC rules require that the Purchaser Representative possess "such knowledge and experience in financial and business matters that he is capable of evaluating, alone, or together with other Purchaser Representatives of the purchaser, or together with the purchaser, the merits and risks of the prospective investment." Further, the rules require that the investor acknowledges the existence of his Purchaser Representative in writing, and the rules require that the Purchaser Representative disclose to the purchaser in writing, prior to his being retained, any material relationship between himself or his affiliates and the issuer or its affiliates, or any relationship that has existed at any time during the previous two years, as well as any compensation received or to be received as a result of such relationships.

The rule prohibits certain people from serving as Purchaser Representatives. These include any affiliate, director, officer, or other employee of the issuer, or any beneficial owner of 10% or more of the securities or 10% or more of the equity interest in the issuer.

The proof of purchaser representation from the purchaser, and the Purchaser Representative disclosure to the investor, must both be in writing. The disclosure requirement was included so that the purchaser is given an opportunity to consider any conflicts of interest that the advisor may have in the transaction. Finally, the Purchaser Representative is required under the rule to act only "in the interest of the purchaser."

Individuals who are Representatives or Registered Principals of MSC may be asked to serve as a Purchaser Representative from time to time. Therefore, it is essential

that Representatives be aware of the rules of MSC's with respect to its Representatives acting in such a capacity:

1. MSC does not prohibit any Representative from acting as a Purchaser Representative, except that:
   a. A Representative or Principal may only act as a Purchaser Representative in his capacity as an individual or through his own corporate entity. That is, with respect to his activities as a Purchaser Representative, he must not represent that he is acting on MSC's behalf. In order to make this clear, MSC requires that the Representative provide the client with a written statement that he is not functioning in any capacity with MSC when he acts as a Purchaser Representative. Under no circumstances should any compensation in payment for services as a Purchaser Representative ever be made payable or directed to MSC.
   b. A Representative may not act as a Purchaser Representative in any capacity with respect to a transaction if he is also receiving a sales commission (or any other kind of sales compensation), directly or indirectly, as a result of the transaction. For example, an MSC Representative cannot act as a Purchaser Representative for a client who is buying a private placement through the Representative or through any affiliate or business colleague of the Representative.

2. A Representative (or his affiliate) may not act as a Purchaser Representative and collect a fee for doing so unless he (or his affiliate) is registered as an Investment Advisor with the SEC under the Investment Advisers Act of 1940 and/or under any applicable state regulations.

   A Representative who chooses to act as a Purchaser Representative is responsible not only to act within the rules outlined above, but also to become completely familiar with the rules and regulations of the SEC, NASD, and other regulatory authorities which pertain to acting as a Purchaser Representative, and to act in a manner consistent with them.

   This material is designed to be an overview of the regulations. Since this is a very technical area, the Representative should not rely solely on this overview as a final authority. If a Representative has further questions, he should consult a securities law attorney.

S. Viatical Settlement – This type of arrangement enables a person facing a life-threatening illness to sell his life insurance policy for cash. This sort of outside business activity is not approved by MSC. However, life settlements are permitted only through MSC's approved "funder", Coventry First.

T. Investment Advisory Activity. No Registered Representative may accept any employment or render any investment advisory service for a fee without prior discussion with proper regulatory registration and notification to MSC's Compliance Department.

U. **Officer and Director Capacities.** Directorship on any other corporation, whether publicly or privately held, must be reported to MSC's Compliance Department for prior approval.

V. **Sharing Branch Office Space.** No Registered Representative may share office space with Representatives who are registered with other broker/dealers except as approved in writing by MSC's Compliance Department.

W. **Security accounts with other broker/dealers.** If a Representative elects to open or maintain a personal account with another broker/dealer, regulations require to notify MSC's Compliance Department. Any Representative who maintains an account with another firm must instruct that firm to issue duplicate account statements to the attention of MSC's Compliance Department.

7.4 ACTIVITIES ON FINANCIAL INSTITUTION PREMISES

MSC Representatives who are considering operating on financial institution premises are advised that an additional oversight process is in place, which must be adhered to. Representatives are required to work with MSC's Compliance Department for assistance and approval of all bank, savings and loan, or credit union affiliations.

Representatives are advised that additional policies are in place, including, but not limited to, the following.

A. A written Brokerage Services Agreement must be executed by MSC and the financial institution, and should include the responsibilities of the parties, the conditions of the arrangement, and the flow of compensation.

B. There should be a Series 24 Principal in place to supervise the sales activities of the bank.

C. The Financial Institution adopts a written policy statement with respect to its retail investment program.

D. The Financial Institution, registered Representative, and Mutual Service Corporation complete a product selection appropriate for the clientele of the financial institution.

E. In order for a bank to receive compensation from this arrangement, the Financial Institution is required to set up a subsidiary separate from the Financial Institution's main operations ("Service Organization"). MSC will pay the Bank's compensation to this subsidiary.

F. A separate disclosure document must be executed by customers, in which they acknowledge that accounts are not guaranteed by the Financial Institution or the FDIC.

G. Brokerage services must be conducted in an area physically separate from bank services and clearly distinguished from them.

H. The Financial Institution's customer lists are confidential and may not be mass marketed without the express consent of the Financial Institution.

I. Bank Representatives must utilize the MSC customer disclosure forms.

7.5 CONFIDENTIAL NATURE OF ACCOUNTS

It is essential that the financial affairs of all MSC clients remain confidential. In the course of business, the Representative has information about the client's financial background, as well as the details of securities purchases and sales. These matters should be discussed between the Representative's branch office and MSC home office only when it is necessary in the course of business, and then only with those persons for whom the information is necessary in the performance of their duties. They should never be discussed with outside parties (even among friends and relatives) or with unauthorized persons. This includes requests from attorneys, accountants, and others claiming to represent customers. In these instances, information may be provided only upon specific written authorization from the client.

Requests from regulatory agencies and other government bodies are an exception to this rule. Refer to the customer complaint section of this manual for more detail.

7.6 PRIVACY ACT

Regulation S-P requires MSC to adopt *policies and procedures* reasonably designed to (a) ensure the confidentiality and safeguarding of customer records and information; (b) protect against any anticipated threats or hazards to the security of customer records and information; and (c) protect against unauthorized access or use of customer records or information that could result in "substantial harm or inconvenience" to any consumer. The privacy provisions of Regulation S-P will apply to information that is "non-public personal information."

Non-public information, under Regulation S-P, includes "personally identifiable financial information" and any list, description, or grouping that is derived from personally identifiable financial information.

A. Definitions -Personally identifiable financial information is defined to include three categories of information:

1. Information Supplied by Client. Any information that is provided by a client or prospective client to MSC in order to obtain a financial product or service. This would include information or material given to MSC when opening a new account, placing a securities transaction, or entering into an investment advisory agreement with the corporate investment advisor.
2. Information Resulting from Transaction. Any information that results from a transaction with the client or any services performed for the client. This category would include information about account balances,

securities positions, or financial products purchased or sold through a broker/dealer.

3. Information Obtained in Providing Products or Services. Any information obtained by MSC from a consumer report or other outside source which is used by MSC to verify information that a client or prospective clients has given on an application for advisory services.

B. MSC's Privacy Policy - As a general policy, MSC will not disclose personal financial information about any client to non-affiliated third parties, except as necessary to establish and manage the client's account(s) or as required by law. In these situations, personal financial information about a client may be provided to the broker/dealer or other custodian maintaining these accounts.

In addition, MSC will restrict access to clients' non-personal financial information to those employees who need to know such information in order to provide products or services to clients. MSC will maintain physical, electronic, and procedural safeguards that comply with federal standards to guard each client's personal financial information. Such safeguards include restricting the use of any information contained on the New Account Form to each client's personal account manager, the manager's supervisor, and MSC's Compliance and Operations Departments or such other persons as the Compliance deems as needing to know the information. Hard copies of client personal financial information will be maintained in the individual Registered Representative's central files, and will be secured. Electronic access to client personal financial information will be restricted to the client's Registered Representative handling the account, and Home Office personnel who need to have access to such information

C. Delivery of MSC's Privacy Notice - Each client will be provided with a copy of MSC's Privacy Notice in the Welcome Letter upon opening his/her account. In addition, each active client of MSC will be provided with a copy of the Privacy Notice annually in the updated new account data information.. A copy of MSC's Privacy Notice is located on MSC's Web site.

7.7 CUSTOMER COMPLAINT FILING PROCEDURES

A. General - Registered Representatives should keep several points in mind concerning customer complaints.

1. Certainly not every complaint has merit or basis in fact.

2. Registered Representatives who attempt to settle complaints on their own are subject to internal discipline and regulatory sanctions for sharing in the profits or losses in customer accounts.

3. If a Representative becomes aware of a complaint arising from his or her employment by another broker/dealer, or if the Representative receives an inquiry

or request for information from a regulatory body, the Representative should immediately notify the Compliance Department.

B. **Types of Complaints** - Any verbal or written statement from a customer or a customer's Representative, which alleges the mishandling of an account or transaction or improper conduct on behalf of an MSC employee or Representative, must be considered a complaint. A memorandum for record will be prepared for any verbal complaints.

Operational complaints (e.g., dividends not received, missing certificates) may be resolved through operational channels by the Representative. Operations will notify the Compliance Department and MSC's Errors & Omissions coordinator if the situation may result in a formal customer complaint, or some monetary settlement.

Most other complaints are sales practice complaints. An operational complaint that is not resolved quickly could become a sales practice complaint. Some sales practice complaints include, but are not limited to:

1. misrepresentation or omission of material fact,
2. unsuitability,
3. switching/churning,
4. failure to a receive a prospectus,
5. unauthorized trading, and
6. private securities transactions.

C. **Customer Complaints** - It is the responsibility of those parties receiving the complaints to notify the Compliance Department immediately upon receipt. Timely reporting to the Compliance Department of customer complaints is very important for E&O Insurance coverage. Failure to make a timely reporting may result in loss of coverage. As soon as the Representative learns of a sales practice complaint, immediate steps should be taken to assemble all documents related to the event(s) leading to the complaint. This documentation will be needed by the Compliance Department in dealing with the complaint. The Compliance Department should also be notified immediately of verbal complaints. The Department will try to assist in a quick resolution.

Representatives are not allowed to settle any dispute with clients on their own, including an administrative error or problem. If a Registered Representative has reason to reimburse a client for an error or other administrative reason, the resolution of the situation must flow through the MSC. A letter stating the reason money is to be returned to the client, with instructions to either debit commissions or send a check, must be sent directly to the Compliance Department. If approved, the check will be made payable to the client and sent to the client as instructed in writing by the Representative.

It is required that a file be maintained in the branch office of all customer complaints, including a fully documented explanation of the nature and disposition of all sales

practice complaints and written operational complaints. This file is required, even if the branch office has had no complaints.

D. Regulatory Filings - The nature of some complaints requires MSC to immediately notify regulatory authorities. All written customer complaints must be reported to the NASD on a quarterly basis, while some complaints require the submission of a report electronically to the NASD within ten business days of MSC becoming aware of it. In addition, certain complaints are reportable on the Representative's Form U-4 filing with the NASD.

The NASD must be advised within ten business days of MSC becoming aware that a Representative has been:

1. Found guilty of violating provisions of securities laws, rules, or standards of conduct by any SRO, governmental agency, or financial and/or financial business practices.

2. The subject of written complaint involving theft or misappropriation of funds or forgery.

3. A defendant in a proceeding by regulatory or self-regulatory body (including states, departments of insurance, etc.), alleging violation of SEC Act of 1934 or any other federal or state rule or regulation.

4. Denied registration, expelled, enjoined, asked to cease and desist, suspended, or expelled or barred from membership from any organization (above mentioned).

5. Indicted or convicted or plead guilty or no contest to any felony.

6. The control person of a broker/dealer/RIA which was expelled, suspended, or had its registration denied or revoked by any agency, jurisdiction, or organization; or the control person of a financial institution which was convicted of or plead no contest to any felony or misdemeanor.

7. A defendant in any securities or commodities civil litigation or arbitration which had been disposed of by judgment, award, or settlement for an amount exceeding $15,000 for a Representative and $25,000 for a broker/dealer.

8. The subject of any claim filed by customer or other broker/dealer which is settled for damages, $15,000 for a Representative and $25,000 for a broker/dealer.

9. Associated with a person who is statutorily disqualified. (A report must be filed with name of person and details of statutory disqualification.)

10. The subject of disciplinary actions by a broker/dealer involving suspension, termination, withholding of commissions or fines in excess of $2,500, or any

disciplinary action which significantly limits the individual's activities on a temporary or permanent basis.

E. **Contact by Regulatory Agencies** -Contact by outside regulatory agencies should be handled as described below.

1. Questions asked over the telephone by regulatory authorities should not be answered without the approval of MSC's Compliance Department.

2. Regulatory agencies may perform on-premises inspections of records if they have direct jurisdiction over MSC's activities and if they provide proper identification. These agencies include the SEC, NASD, and state securities commissions. MSC's Compliance Department should be notified immediately when a regulatory agency conveys an intention to perform an inspection or arrives unannounced at the branch office.

3. Original records should never be released.

4. If the request is in the form of a summons or subpoena, the Representative must contact MSC's Compliance Department before releasing any records.

5. If it should become necessary for an account to be frozen, the Representative should notify MSC's Compliance Department.

When there is any doubt about the proper handling of a situation, MSC's Compliance Department should be consulted.

7.8 PERSONAL LITIGATION OR REGULATORY PROBLEMS

If a Registered Representative is involved in business-related litigation, customer complaint, or arbitration of any kind, or is named or becomes involved in any regulatory proceeding, the Representative must promptly report such to MSC's Compliance Department. Information is then forwarded to the proper regulatory agencies and the E&O carrier, if and when necessary. A Representative may not file suit or seek legal claims against a client without prior written approval of MSC's management.

7.9 CASH/NON-CASH COMPENSATION

A. **The NASD Rule** - The NASD has enacted a rule limiting registered Representatives from receiving additional compensation based on variable contracts and investment company securities sales, and direct participation programs.

B. **Cash Compensation** - Cash compensation from a sponsor company may include reimbursement for client appreciation luncheons and dinners, seminars, or advertising expenses. A Representative *may not* accept cash compensation from a sponsor company directly. It is preferred that the sponsor company pay the service provider (i.e.,

caterer, hotel, newspaper) directly. The sponsor may, however, pay MSC and MSC will reimburse the Representative.

C. **Non-Cash Compensation** - .Sponsor companies are allowed to cover certain Representatives' costs to attend training and educational meetings. The meetings must be held in a location appropriate to the purpose of the meeting, and the educational meeting must be a substantial portion of each day. The sponsor company may not pay for extra entertainment during the meeting, such as golf outings, shows at the theater, and tours, as well as other forms of entertainment. In addition, the sponsor may not pay for a spouse or significant other to attend the meeting location with the Representative.

D. **Cash/Non-Cash Compensation Form** - When invited to attend a meeting held by a product sponsor, it is mandatory that the Representative obtain MSC's approval *prior* to attending the meeting. This can be accomplished by faxing a completed Cash/Non-Cash Compensation Form, along with an outline of the meeting, to the Compliance Department for approval. The actual or approximate value of the portion of the trip the sponsor is paying for should be provided on the form.

Representatives who are offered cash reimbursement from a sponsor company are required to fill out the form and submit it to the Compliance Department for approval as well.

The form is available via MSC's Web site (www.mutualservice.com) or from the Compliance Department.

E. **Exceptions** - Some examples of exceptions to the rule include an occasional meal, tickets to a sporting event or the theater, or a gift that does not exceed $100 per year.

8.0 OUTSIDE BUSINESS ACTIVITIES AND PRIVATE SECURITY TRANSACTIONS

8.1 OUTSIDE BUSINESS ACTIVITIES

In accordance with NASD regulation, all MSC registered representatives must provide the Compliance Department with prompt written notice of any business activity outside of their relationship with MSC, other than a passive investment, for which he or she will receive compensation. All outside business activities are to be reported to the Compliance Department before the representative engages in the activity. The representative should also notify his or her OSJ of the outside business activity.

Each representative shall report the outside business activity to the Compliance Department via the RegEd online system. Upon submission of the filing to the Department, the representative will receive a notice informing him or her that the information will be reviewed by the Compliance Department. Representatives should retain this notice as their record that the outside business activity was reported to MSC. Thereafter, the Compliance Department will send the representative confirmation that the activity has been reviewed. Representatives should also retain this notice for their records. Representatives must update the Compliance Department promptly, should any information previously reported for an outside business activity change. Representatives will be also be required to update the outside business activity section on MSC's Compliance Survey on an annual basis.

The representative will be contacted, if the Compliance Department needs any additional information about any outside business activity. MSC reserves the right to prohibit a representative from engaging in any outside business activity and/or require a representative to follow MSC's procedures for private securities transactions, should MSC believe the activity involves the sale of a security not approved by the firm. Representatives should review MSC's policies on private securities transactions and prohibited activities prior to submitting notice to MSC of an outside business activity.

8.2 PRIVATE SECURITIES TRANSACTIONS

Rule 3040 of the NASD Conduct Rules provides that each registered Representative who participates in a securities transaction away from his broker/dealer must, **prior to such participation,** provide written notice to the broker/dealer, describing the proposed activity and stating whether a selling compensation will be received. The broker/dealer must then respond in writing whether it approves or disapproves of the activity. In short, if involved in Rule 3040 activity, a Representative must obtain prior approval in writing. Note that a mere disclosure of such activities (e.g., reporting on MSC's Outside Business Activities Questionnaire) is <u>not</u> sufficient.

MSC is required to record and supervise private securities transactions, so compensation may be subject to standard MSC payout sharing arrangements, depending on the nature of the securities transaction.

A. Following are activities that may be done privately, in certain cases, but, in each instance, require MSC's advance written specific permission and are subject to MSC's supervision.

1. Investment advisory services, including:

a. Schwab Institutional accounts;
b. Waterhouse Accounts;
c. Portfolio management fees, whether direct mutual fund purchases (i.e., without the use of a central custodian) or other custodial service, which may include no-load mutual funds or other securities products.

After the Representative has received written approval from MSC, all of these Rule 3040 transactions (both portfolio activity and fee activity) are to be recorded in chronological order on a trade log (separate from branch securities trade log). Client documentation, including copies of confirmations, new account forms, advisory agreements, applications, and client account statements, should be maintained in a separate advisory client file. On a periodic basis, copies of the separate trade log are to be forwarded to MSC's Operations Department, except when transaction information is otherwise made available to MSC. Fees for Advisory Services must be shared with MSC.

2. Offering any security not on MSC's approved product list, specifically including so-called "exempt" or alleged non-securities "deals," **including promissory notes.** MSC policy on such deals is clear.
   a. Each must pass due diligence on the legalities. The expense of this exercise and, if necessary, a qualified legal opinion is borne by the promoter or general partner, not MSC.
   b. Each must pass inspection as to the economics, fairness, and primary people involved; MSC maintains facilities to perform this function. Again, the costs are borne by the promoter or general partner.
   c. All commissions or dealer re-allowance flow to MSC, and are re-allowed in accordance with the standard payout schedule then in effect.

Failure to conform to these simple rules places both the Representative and MSC at considerable risk. Therefore, non-compliance is grounds for dismissal from MSC.

B. Some activities that may <u>not</u> be done privately, but must always be done through the customary MSC procedures, policies, and commission practices, include: money managers, market timers, advisory service providers, wrap-fee programs, and unregistered group variable annuity and insurance products.

8.3 UNREGISTERED GROUP VARIABLE ANNUITIES

Although group variable annuities are considered an exempted security under federal securities laws, the offer of such product is subject to NASD Conduct Rules and MSC compliance procedures. This type of selling effort is considered a private securities transaction, unless MSC has a selling agreement for the product. Before engaging in offering this product, it is necessary to determine if MSC has a current selling agreement. If so, the product may be offered in the same manner as other securities products. If MSC has <u>no selling agreement</u>, this product is treated as a private securities transaction, which includes procedures that require a written request and writ-

ten approval from MSC. The Compliance Department should be contacted if there are questions about this product.

8.4 PROMISSORY NOTES

In many instances, these investments are promoted as not involving the sale of securities, either by the issuer of the note or by salespersons. The Securities Act of 1933 and the Securities Exchange Act of 1934 include "any note" in the definition of a security. As such, a Representative must have approval from MSC in transactions involving this instrument since it will be construed as selling away and NASD 3040 rule applies.

In some instances, if a promissory note is structured in such a way as to not be deemed a security, then the Representative will be subject to rule NASD 3030 and subject to outside business activity approval.

9.00 DETECTING AND PREVENTING INSIDER TRADING

Mutual Service Corporation has long had a policy regarding insider trading, which applies to every officer, director, employee, and independent Representative licensed with MSC. Therefore, each is required to read and retain this policy statement.

9.1 POLICY STATEMENT ON INSIDER TRADING

Mutual Service Corporation and federal law forbid anyone from engaging in insider trading, which has been defined by case law as:

- trading, either personally or on behalf of others, while in possession of material non-public information, if the trader is an insider or if the trader obtained the information by misappropriation; and
- communicating material non-public information to others in violation of the law.

The elements of insider trading and the penalties for such unlawful conduct are discussed in the following.

A. **Who is an insider?** The concept of "insider" is broad, and includes officers, directors, and employees of a company. In addition, any person can be a "temporary insider" if he or she enters into a special confidential relationship with a company and is given material access to non-public information.

B. **What is material information?** Trading while in possession of insider information is not a violation unless the information is material. There are tests of materiality: (a) a reasonable investor would consider the information as important to his or her investment decisions, or (b) the information could have a substantial effect on the price of a company's securities.

   Material information does not have to relate to a company's business. For example, in *Carpenter v. U.S.*, 108 U.S. 316 (1987), the Supreme Court considered as material certain information about the contents of a forthcoming newspaper column that was expected to affect the market price of a security. In that case, a *Wall Street Journal* reporter was found criminally liable for disclosing to others the dates that reports on various companies would appear in the *Journal* and whether those reports would be favorable or not.

C. **What is non-public information**? Information is non-public until it has been effectively communicated to the market place. One must be able to point to some fact to show that the information is generally public. For example, information found in a report filed with the SEC, broadcast over the Dow Jones news wire or other financial news services, or contained in articles in publications of general circulation, such as *The Wall Street Journal* or *Barron's*, is considered public.

D. **What are the penalties for insider trading?** In addition to the severe civil and criminal penalties, any violation of this policy statement can be expected to result in

serious sanctions by Mutual Service Corporation, including dismissal of the persons involved.

MSC and its associated persons recognize their obligation to refrain from acting upon or disclosing material, non-public ("inside") information obtained directly, or indirectly, in the course of their employment or from other sources. In this regard, all MSC officers, employees, and Registered Representatives, on an annual basis, acknowledge and affirm in writing both their awareness of the legal and ethical considerations involved with the receipt of such information, and that they have not in the past, nor will in the future, misuse any such information in any manner for their own, the firm's, or any other person's benefit.

Because of its nature of business and products offered, MSC does not typically become party to information that would be considered insider information. In the rare instances that this situation occurs, MSC will utilize a **"watch-list"** approach to monitoring securities trading activities. MSC does not have corporate finance/investment banking, research, or syndicate departments as potential recipients of material, non-public information, nor does its Trading Department currently make markets or maintain inventory positions.

9.2 PROCEDURES TO IMPLEMENT MSC'S POLICY AGAINST INSIDER TRADING

The following procedures have been established to aid the officers, directors, Registered Representatives, and employees of MSC in avoiding insider trading.

A. All Representatives should be aware of their clients' employment and of whether such clients are officers, directors, control persons, or affiliates of an issuer of publicly traded securities. Any information received from such persons, or transactions entered into by such clients, should be questioned, with notification thereof provided to MSC's Compliance Department.

B. Any Representative or other MSC-associated person should, upon receipt of any material or non-public information related to an issuer:

1. Refrain from trading in such security.
2. Notify MSC's Compliance Department of such information, along with the date, time, and from whom it was received, and how it was received.
3. Refrain from communicating such information to any other party, either within or outside the firm, with the exception of the Compliance Department.
4. Place the information possession in a secure area, and restrict access to computer files containing such material, if applicable.

C. MSC's Compliance Department reviews the matter with its supervisors and, if necessary, the Executive Committee, and a determination is made. The individual initiating the investigation is instructed either to continue the prohibitions against communication and trading, or is permitted to act upon the information received.

D. MSC requires that all Representatives and associated persons provide notification to MSC's Compliance Department of any securities, commodities, or investment advi-

sory accounts in which they may have a financial interest (e.g., single, joint, custodial, or trust accounts) or over which they exercise control that are maintained with another financial institution. Any such accounts maintained by employees or their immediate family (e.g., parents, spouses, siblings, in-laws, or children) requires the prior approval of, and duplicate confirmations/ statements sent to, MSC's Compliance Department.

9.3 SUPERVISORY PROCEDURES

When applicable, MSC utilizes a **"watch-list"** approach to monitoring securities trading activities, whereby trading activity in those issues determined to have potential for "insider trading" abuse are reviewed on a daily basis.

A. The "watch list" is essentially an exception report overseen by MSC's Compliance Department for detecting and reviewing on a daily basis any securities deemed to be subject to the insider trading review procedure. MSC's trading department principal is informed of any securities placed on the watch list for daily trading room supervision.

B. Additional review procedures include:

1. The principal designated by MSC's Compliance Department reviews all officers', directors', employees', and Registered Representatives' transactions on a daily basis, utilizing the daily trade blotter in comparison to the "watch list."
2. Monthly review by the Compliance Department of employee and Registered Representative month-end statements, with written evidence of such review maintained.

C. The Compliance Department establishes a record of when, how, and by whom material, non-public information is received, and when, how, and to whom such information is conveyed within the firm. Compliance is only responsible for maintaining these records to the extent that such information is reported.

D. MSC maintains the executed copy of the Policies and Procedures Acknowledgement forms for all employees and Representatives on a yearly review basis.

E. Upon discovery of a potential violation of MSC's policies and procedures regarding insider trading, the Compliance Department prepares a written report to the Executive Committee, providing full details and recommendations for further action.

F. Educational seminars for employees are conducted during the year, discussing regulatory issues and specific types of security products.

10.0 ANTI-MONEY LAUNDERING PROGRAM

10.1 FIRM POLICY

It is the policy of MSC to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activity.

Money laundering is the process by which individuals attempt to conceal the true origin and ownership of the proceeds of illegal activities. Any involvement in a transaction that seeks to conceal or disguise the *nature, location, source, ownership* or *control* of proceeds derived from a wide range of crimes may constitute money laundering. It is especially important to note that the knowing receipt of proceeds of illegal activity can constitute money laundering.

It is not necessary that a person be actively involved in a money laundering scheme to create liability. A person who has knowledge of the tainted source of funds but still effects a transaction involving such funds may be charged with money laundering. Even when there is no direct evidence of such knowledge, circumstantial evidence showing that an employee recklessly disregarded or was willfully blind to such information may be sufficient to constitute money laundering.

The process has three phases: placement, layering, and integration. The criminals first place the money into circulation. Then, they split it into smaller amounts to make it appear legitimate. Lastly, they integrate it back into society by using legal means. Knowing how the process works may help detect and prevent money laundering.

The following are examples of activity that may fall within the definition of money laundering or that might constitute evidence of money laundering:

- Engaging in or processing a financial transaction with knowledge that the transaction is facilitating a crime;
- Engaging in or processing a financial transaction with knowledge that the funds are derived from the proceeds of criminal activity;
- Concealing the source of illegally obtained funds by initiating and processing subsequent transfers to disguise the origin of the funds;
- Facilitating a financial transaction while willfully or recklessly disregarding the source of a customer's assets or the nature of a customer's transaction;
- Failing to report attempted large currency transactions or suspected money laundering; and
- Advising a customer on how to structure a currency transaction to avoid reporting requirements.

Money laundering can involve the proceeds of a wide range of criminal activities, not only narcotics offenses. Some of these underlying crimes include securities fraud, terrorism, bank fraud, mail fraud, wire fraud, tax evasion, violations for the export statues and illegal payments to foreign officials.

10.2 DESIGNATION OF ANTI-MONEY LAUNDERING COMPLIANCE OFFICER

Dennis Kaminski, Vice President and Chief Compliance Officer, will be designated the Anti-Money Laundering Officer ("AML Officer") for MSC. The AML Officer will have authority to implement and enforce MSC's anti-money laundering policies and procedures. The Compliance and Operations Departments will assist the AML Officer in the responsibilities to educate, review and report any suspicious or illegal activities to the appropriate people. The AML Officer will report to Dennis Kaminski, Executive Vice President and CAO of MSC concerning approval of AML procedures, reportable events, or any other outstanding issues outstanding.

10.3 CUSTOMER IDENTIFICATION PROGRAM

The establishment of the customer-firm relationship often presents the best opportunity for MSC to begin to develop its knowledge about the customer, and the types of transactions in which the customer is likely to engage.

MSC has designated a Client Identification Program (CIP) with procedures to identify and verify the identity of your clients. The objective of the CIP is to form a reasonable belief that MSC knows the true identity of its customers. MSC's CIP will use the information collected from the new account application to assist in verifying your client's identity. The information for client identification is collected via mandatory fields on the new account entry on Advisor On-line, for all accounts opened after Oct. 1, 2003.

A. Risk-Based Information on Various Account Types

MSC will consider at a minimum the following factors, among others, in assessing the risk posed by particular customers or transactions.

- Whether the customer is an individual, an intermediary, public, private, domestic or foreign corporation, a financial or non-financial institution, or regulated person or entity.
- Whether the customer has been an existing customer for a significant period of time.
- How the client became a customer of the firm.
- Whether the business for the customer, or the particular type of account, is the type more likely to be involved in illicit activity (e.g., cash intensive business).

- Whether the customer resides in, is incorporated in or operates from a jurisdiction with bank secrecy laws, or one, which has otherwise been identified as an area worthy of enhanced scrutiny.

- If a customer exhibits an unusual concern regarding the Company's compliance with government reporting requirements, particularly with respect to his or her identity, type of business and assets, or is reluctant or refuses to reveal any information concerning business activities, or furnishes unusual or suspect identification or business documents.

- If a customer wishes to engage in transactions that lack business sense, apparent investment strategy, or are inconsistent with the customer's stated business/strategy.

- If a customer (or a person publicly associated with the customer) has a questionable background or is the subject of news reports indicating possible criminal, civil or regulatory violations.

- If a customer appears to be acting as the agent for another entity but declines, evades or is reluctant, without legitimate commercial reasons, to provide any information in response to questions about that entity.

- If a customer has difficulty describing the nature of his or her business or lacks general knowledge of his or her industry.

Subject to MSC's own assessment, any additional due diligence necessary to assess risk, the following procedures are ordinarily appropriate for the following types of accounts.

Individual Accounts

For accounts opened by an individual, MSC takes reasonable steps to obtain the following information at the commencement of the business relationship:

- The name and address for the customer(s);
- The customer's date of birth;
- The customer's investment experience and objectives, if applicable;
- The customer's social security number or taxpayer identification number;
- The customer's net worth and annual income;
- The customer's occupation and employment data such as the employer's address (generally understood to be the customer's source of income);
- The names of beneficial owners;
- The names of all authorized persons;
- Client government identification number;
- Place and date of issuance of government identification; and
- Date of expiration of government identification.

Non-Resident Alien Accounts

In addition to the information obtained above, for non-resident alien ("NRA") accounts, reps should record a current passport number or other valid government identification number and obtain all necessary U.S. tax forms. Additional due diligence may also be warranted depending on a number of factors, including the country of origin of the NRA.

Domestic Operating or Commercial Entities

Each representative should obtain information sufficient to ascertain the identity of the corporate or business entity establishing the business relationship and the authority of the business representative to act on the corporation or entity's behalf. The type of documentation obtained by a form may vary depending upon the nature of the corporate or business entity.

Domestic Trusts

Reps should identify the principal ownership of a trust. In addition, the reps should obtain information regarding the authorized activity of the trust and the persons authorized to act on behalf of the trust.

Foreign Operating Commercial Entities

Taking into account various facts, including the entity's country of incorporation and the foreign or offshore jurisdiction in which the business is located, the Rep and MSC will undertake appropriate internal investigations for corporations or entities established or located in jurisdictions outside of the United States. Based upon its own risk-assessment, MSC may consider whether additional identifying information about the customer is necessary, or if the account will be opened.

Consistent with the provisions of the Patriot Act relating to prohibited foreign shell banks, representatives should not establish, maintain, administer or manage an account in the United States for, or on behalf of, a prohibited foreign shell bank.

High Risk and Non-Cooperative Jurisdictions

MSC pays particular attention to those accounts located or incorporated in certain countries or regions identified by recognized international organizations, multilateral expert groups or in governmental or industry publications as non-cooperative with international anti-money laundering principles or procedures or having inadequate anti-money laundering measures. The compliance department reviews a monthly list of accounts that have been opened in countries deemed uncooperative by FATF and FinCEN. These accounts are reviewed for suspicious money laundering activity.

These countries include:

Cook Islands Nauru

Egypt	Nigeria
Guatemala	Philippines
Indonesia	Ukraine
Myanmar	

The above list is as of Oct. 24, 2003 and is subject to change by FATF and FinCEN at any time.

MSC may also practice verification of client identity through non-documentary methods, and /or a combination of both the documentary method and non-documentary method. Specific non-documentary methods may include:

- Contacting the client;
- Checking references with other financial institutions;
- Obtaining a financial statement; or
- Independently verifying the client's identity through the comparison of information provided by the client with information obtained from a consumer reporting agency, public database, or other source.

The review of documents for client identification should be completed no later than 10 business days of account opening. Failure to make a determination of client identification within the prescribed time frame will result in the account being placed on a trading hold until such time identification documents can be reviewed, and satisfy a basis for client identification. If information for client identification is still pending after 30 days, the account will be closed.

B. Clients Who Refuse to Provide Information

If a potential or existing customer either refuses to provide the information described above when requested, or appears to have intentionally provided misleading information, MSC will not open a new account and, after considering the risks involved, consider closing any existing account. In either case, our AML Compliance Officer will be notified so that we can determine whether we should report the situation to FinCEN.

C. Verifying Information

MSC will evidence client identity through verification of documents, unless circumstances require other means. Documents that will be used for purposes of client identification will be unexpired government-issued identification evidencing nationality or residence and bearing a photograph or similar safeguard. A Driver's License will be acceptable. For other persons, suitable documents would be ones showing the existence of the entity, such as registered articles of incorporation, a government-issued business license, a partnership agreement, or a trust instrument.

D. Using Government Provided Lists of Terrorists and Other Criminals

Before opening an account, and on an ongoing basis, MSC will check to ensure that a customer does not appear on a list provided to us by the government, and is not from, or engaging in transactions with people or entities from, embargoed countries and regions listed on the OFAC Web

Site. Because the OFAC Web Site is updated frequently, we will consult the list on a regular basis and subscribe to be sent updates when they occur. We may access the OFAC list through various internet software programs to ensure speed and accuracy. We will also review existing accounts against the OFAC list when it is updated and we will document our review.

In the event that we determine a customer, or someone with or for whom the customer is transacting, is on the SDN List or is from or engaging in transactions with a person or entity located in an embargoed country or region, we will reject the transaction and/or block the customer's assets and file a blocked assets and/or rejected transaction form with OFAC. We will also call the OFAC Hotline at 1-800-540-6322.

Senior Foreign Government/Public Officials

MSC will conduct enhanced due diligence of accounts of "senior foreign political figures," as well as their families and business associates, to detect and report transactions that involve the proceeds of foreign corruption.

10.4 SUPERVISORY PROCEDURES FOR OPENING ACCOUNTS

MSC new account opening procedures are designed to collect information on the account holder's net worth, anticipate transaction activity, and sources of income to detect and deter possible money laundering and terrorist financing. Sales Principals will review and evaluate this information for possible action. The Representative may also detect suspicious activity during the new account opening. Possible suspicious activities may include the following examples:

1. A customer has unusual difficulties or delays in providing information to the firm.
2. A customer is unwilling to provide information about his/her business.
3. A customer is unusually reluctant to provide information about the source of his/her investment funds or other assets.
4. A customer has difficulty describing the nature of his/her business.
5. A customer lacks the knowledge of the relevant industry that one would expect of an individual in the customer's line of business.
6. A customer refuses to identify or fails to establish a legitimate source for the funds and other assets.
7. A customer wants to open accounts or conduct business using more than one name.
8. A customer wants to conduct business through more than one account, although no legitimate reason exists for the customer's use of multiple accounts.
9. A customer displays and unusual lack of concern about transaction risks or costs, or investment prices.
10. A customer intends to engage in transactions that appear to show a disregard for business sense, such as buying and selling stock quickly without any apparent reason and without regard to commissions or prices, or trading in the account with no apparent investment strategy.
11. A customer wants to transact business only (or mostly) in cash. (MSC does not accept cash).

12. The customer expects to engage in multiple transfers of funds in a short period of time, when the same goal could be accomplished via a single transfer of funds.
13. The customer cannot articulate or will not state, even generally, the customer's investment objectives and the volume, type and pattern of transaction the customer anticipates.
14. The customer appears to have no discernible reason to be using MSC's services.
15. A customer wants to maintain an unusual and unjustified degree of secrecy with respect to the customer's identity, business, assets, or the customer's dealing with MSC.
16. A customer requests, without any justifiable reason that MSC not send the customer his/her mail, or for the firm to hold the customer's mail until otherwise notified.
17. A customer expects to make transfers of funds from the customer's MSC account to a third party, although the customer has no apparent business or other relationship with the third party.
18. A customer expects to fund the account or otherwise transact business with MSC through offshore accounts, although the customer has no apparent legitimate reason for doing so.
19. A customer lacks reputable references.
20. A customer has a history of either civil or criminal misconduct.
21. An institutional customer's agent can provide only boilerplate information about the agent's principal, rather than any evidence of legitimate ongoing business activity.
22. A customer seeks to change account titles or open new accounts without any legitimate reason.
23. A customer is referred to MSC by an individual or institution not known to the firm, especially where the introducing party is from a country typically believed to be a haven for money laundering or drug production.

10.5 MONITORING ACCOUNTS FOR SUSPICIOUS ACTIVITY

MSC will monitor suspicious activity through automated means to generate reports for use to determine unusual volume, trading pattern, or types of transactions.

Currently, MSC generates these five reports:

1. OFAC customer identity verification
2. Wire Activity Report
3. Cash Equivalent Report
4. Cash Inactivity Report
5. Securities Movement Report
6. FATF/FINCEN from Pershing

MSC will continue to design new methods to track suspicious activity.

a. Emergency Notification to the Government by Telephone

When conducting due diligence or opening an account, MSC will immediately call Federal Law enforcement when necessary, and especially in these emergencies: a legal or beneficial account holder or person with whom the account holder is engaged in a transaction is listed on or located in a country or region listed on the OFAC list, an account is held by an entity that is owned or controlled by a person or entity listed on the OFAC list, a customer tries to use bribery, coercion, or similar means to open an account or carry out a suspicious activity, we have reason to believe the customer is trying to move illicit cash out of the government's reach, or we have reason to believe the customer is about to use the funds to further as act of terrorism. The contact numbers we will use are: Financial Institutions Hotline (1-866-556-3974), local U.S. Attorney's Office (561-820-8711), local FBI Office (561-833-7517), and local SEC Office (305-536-4700).

10.6 WHAT DETERMINES SUSPICIOUS ACTIVITY? RED FLAGS!

MSC Representatives need to be cognizant that suspicious activity can occur either at the outset of the customer relationship or after the relationship has been initiated. When an account is opened, and continuing throughout the transactional relationship with the customer, MSC bears the primary responsibility for obtaining all information necessary to establish the nature of the transactions in which that customer is likely to engage. A Representative must immediately report the suspicious activity to the Compliance Department.

Regulators have identified certain suspicious activities that invite further internal inquiry and may ultimately trigger reporting requirements. A determination of whether activity is actually suspicious will depend on the customer and the nature of the particular transaction, compared with the customer's normal or expected business activity.

For your guidance, the following are some examples of suspicious activities. The occurrence of one or more of these without a legitimate explanation should be reported to your supervisor and the Compliance Department.

a. Red Flags that signal possible money laundering or terrorist financing include, but are not limited to;

1. A customer attempts to make frequent or large deposits of currency, insists on dealing only in cash equivalents or asks for exemptions to the Company's policies relating to the deposit of cash and cash equivalents
2. A customer engages in transactions involving cash over $10,000 or cash equivalents or other monetary instruments that appear to be structured to avoid government reporting requirements, especially if the monetary instruments are in an amount just below reporting or recording thresholds and/or are sequentially numbered.
3. A customer engages in multiple transfers of funds or wire transfers to and from countries that are considered bank secrecy or "tax havens" that have no apparent business purpose or are to or from countries listed as non-cooperative by Financial Action Task Force and Financial Crime Enforcement Network, or are otherwise considered by the MSC to be high risk.

4. A customer account has unexplained or sudden extensive wire activity, where previously there had been little or no wire activity without any apparent business purpose.
5. A customer makes a deposit followed by an immediate request that the money be wired out or transferred to a third party, or to another firm without any apparent business purpose.
6. A customer makes a funds deposit, for the purpose of purchasing a long-term investment, followed shortly thereafter by a request to liquidate the position and a transfer of the proceeds out of the account.
7. For no apparent reason, a customer has multiple accounts under a single name or multiple names, with a large number of inter-account or third party transfers.
8. A customer engages in excessive journal entries between unrelated accounts without any apparent business purpose.
9. Customer requests that a transaction be processed in such a manner so as to avoid the MSC's normal documentation requirements.
10. A customer engages in a pattern of transactions involving certain type securities, such as penny stocks, Regulation "S" stocks and bearer bonds, which, although legitimate, have been utilized in connections with fraudulent schemes and money laundering activity.
11. A customer deposits bearer bonds followed by immediate request for the disbursement of funds
12. A customer exhibits a total lack of concern regarding risks, commissions, or other transaction costs
13. A customer has unusual difficulties or delays in providing information to the firm.
14. A customer is unwilling to provide information about his/her business.
15. A customer is unusually reluctant to provide information about the source of his/her investment funds or other assets.
16. A customer has difficulty describing the nature of his/her business.
17. A customer lacks the knowledge of the relevant industry that one would expect of an individual in the customer's line of business.
18. A customer refuses to identify or fails to establish a legitimate source for the funds and other assets.
19. A customer wants to open accounts or conduct business using more than one name.
20. A customer wants to conduct business through more than one account, although no legitimate reason exists for the customer's use of multiple accounts.
21. A customer displays and unusual lack of concern about transaction risks or costs, or investment prices.
22. A customer intends to engage in transactions that appear to show a disregard for business sense, such as buying and selling stock quickly without any apparent reason and without regard to commissions or prices, or trading in the account with no apparent investment strategy.
23. A customer wants to transact business only (or mostly) in cash. (MSC does not accept cash).
24. The customer expects to engage in multiple transfers of funds in a short period of time, when the same goal could be accomplished via a single transfer of funds.
25. The customer cannot articulate or will not state, even generally, his investment objectives and the volume, type and pattern of transaction the customer anticipates.
26. The customer appears to have no discernible reason to be using MSC's services.

27. A customer wants to maintain an unusual and unjustified degree of secrecy with respect to the customer's identity, business, assets, or the customer's dealing with MSC.
28. A customer requests, without any justifiable reason that MSC not send the customer his/her mail, or for the firm to hold the customer's mail until otherwise notified.
29. A customer expects to make transfers of funds from the customer's MSC account to a third party, although the customer has no apparent business or other relationship with the third party.
30. A customer expects to fund the account or otherwise transact business with MSC through offshore accounts, although the customer has no apparent legitimate reason for doing so.
31. A customer lacks reputable references.
32. A customer has a history of either civil or criminal misconduct.
33. An institutional customer's agent can provide only boilerplate information about the agent's principal, rather than any evidence of legitimate ongoing business activity.
34. A customer seeks to change account titles or open new accounts without any legitimate reason.
35. A customer is from a country typically believed to be a haven for money laundering or drug production. As of this date, these countries include:
36. A customer is referred to MSC by an individual or institution not known to the firm, especially where the introducing party is from a country typically believed to be a haven for money laundering or drug production.

b. Hints for Detecting Suspicious Activity

1. Watch for deviations from the volumes, types and patterns of transactions in which the customer typically engages. In particular, note transactions which appear to have no investment or economic objective, or which appear inconsistent with the customer's stated investment strategy.
2. Be wary of transfers of funds to or from a customer who does not have a practice of engaging in wire transfers.
3. Be wary of transfers to and from third parties who have no apparent relationship with the account owner.
4. Pay attention to how the customer funds the account. In particular, you should look for:
    a. Funding activity which is inconsistent with the customer's typical funding pattern;
    b. Funding activity which is inconsistent with the customer's business;
    c. Funding activity which inconsistent with the customer's states expectations as determined when the account was opened; and
    d. Funding activity which has a significant inflow from offshore accounts, particularly from countries typically believed to be a haven for money laundering or drug production.
5. Watch for activity that is consistent with efforts to structure a series of transactions so as to avoid government reporting requirements. For example, note receipts or disbursements made over a short period of time, which in the aggregate exceeds $10,000 and may give rise to a transaction reporting obligation.

c. Prohibited Transactions

In order to deter money laundering, MSC prohibits some transactions.

- Accepting cash, traveler's checks, or money orders
- Accepting cashier's checks and bank checks less than $10,000 (however, cashier's checks and bank checks greater that $10,000 are acceptable when made payable to Pershing LLC., Pershing, or the sponsor company for the benefit of the account holder)
- Accepting checks drawn on foreign banks in non-US dollars
- Transporting cash or monetary instruments into or out of the United States on the client's behalf
- Knowingly engaging in transactions using proceeds deemed to come from an unlawful activity
- Knowingly setting up suspicious account registrations or handling account requests that may be indicative of money laundering
- Opening an account for a foreign shell bank

d. Reporting Requirements

Transactions To Be Reported

MSC reports transactions when it knows, suspects, or has reason to suspect that:

- The transaction involves funds derived from illegal activities, or is intended to hide disguise funds derived from illegal activities (including, without limitation, the ownership, nature, source, location, or control of such funds or assets) as part of a plan:
    - To violate or evade any law or regulation; or
    - To avoid any transaction reporting requirement under federal law;
- The transaction is designed to evade a Bank Secrecy Act ("BSA") regulation; or
- The transaction has no business or apparent lawful purpose or is not the sort in which the particular customer would normally be expected to engage, and Pershing knows of no reasonable explanation for the transaction after examining the available facts.

An attempt to commit any of the above acts may also constitute suspicious activity requiring the filing of an SAR.

Suspicious Activity Report

MSC reports suspicious transactions relevant to possible violations of law or regulations by filing a Suspicious Activity Report ("SAR"). If a Representative discovers activity that may indicate money laundering, he should first contact the Compliance Department. The Compliance

Department will then notify the firm's Anti-Money Laundering Officer. If the AML Officer deems that the activity warrants further review, he will in return file a SAR with the Treasury Department in accordance with the Patriot Act.

We will file SARs for any account activity (including deposits and transfers) conducted or attempted through our firm involving $5,000 or more where we know, suspect, or have reason to suspect: 1) the transaction involves funds derived from illegal activity or is intended or conducted in order to hide or disguise funds or assets derived from illegal activity as part of a plan to violate or evade federal law or regulation, 2) the transaction is designed to evade the any requirements of the BSA regulations, 3) the transaction has no business or apparent lawful purpose or is not the sort in which the customer would normally be expected to engage, and we know, after examining the background, possible purpose of the transaction and other facts, of no reasonable explanation for the transaction, or 4) the transaction involves the use of the firm to facilitate criminal activity.

MSC will ensure that SAR records are maintained properly and kept confidential.

It should be noted that advising the client when a suspicious act is being reported to the appropriate federal agency in the form of a SAR is against federal law.

Currency Transaction Report

The Bank Secrecy Act (BSA) requires broker/dealers to file Currency Transaction Reports (CTR) for cash transactions generally above $10,000 and small transactions made within a day that total more than $10,000. MSC prohibits the handling of cash transactions all together. However, a CTR may be filed in the event that a suspicious activity is detected.

e. Transfers of $3,000 or More Under the Joint and Travel Rule

When MSC transfers funds of $3,000 or more, we will record on the transmittal order at least the following information: the name and address of the transmitter and recipient, the amount of the transmittal order, the identity of the recipient's financial institution, and the account number of the recipient. Wires can only be sent to an account that carries the exact registration as that shown on the Pershing account. If permitted by Pershing and the accepting financial institution, exceptions to this rule may be granted with management approval.

OFAC Reporting

MSC will check that a customer does not appear on any list of known or suspected terrorists or terrorist organizations such as those persons and organizations listed on Treasury's Office of Foreign Assets Control (OFAC) Web Site (www.treas.gov/ofac) (and available on www.nasdr.com/money.asp) under "Terrorists" or "Specially Designated Nationals and Blocked Persons" (SDN List), as well as the listed embargoed countries and regions (collectively, the OFAC List). MSC has subscribed to OFAC's website to receive the frequent updates of this list to ensure accuracy.

If a client is found to have matched someone on the OFAC list, MSC will take the following steps:

1. Freeze the funds of the individual
2. Place the funds in an interest bearing escrow account
3. Notify OFAC within 10 days of discovery
4. Notify client that funds have been frozen

A similar process will be applied if suspicious activity appears to have occurred or is occurring in an account. The account will be frozen, the funds placed in an interest bearing escrow account, and a SAR will be filed depending on the determination of the AML Officer.

FinCEN Reporting

Under Treasury's regulations (published in the Federal Register on March 4, 2002), we will respond to a Financial Crimes Enforcement Network (FinCEN) request about accounts or transactions by reporting to FinCEN the identity of the specified individual or organization, the account number, all identifying information provided by the account holder when the account was established, and the date and type of transaction. We will report to FinCEN as soon as possible either by e-mail to patriot@fincen.treas.gov, by calling the Financial Institutions Hotline (1-866-556-3974), or by any other means that FinCEN specifies.

LawEnforcement Requests

Upon receipt of a written request from a Federal law enforcement officer for information required to be maintained under the Patriot Act, MSC shall provide the information to the requesting officer no later that seven days after receipt of the request.

10.7 AML RECORD KEEPING

a. SAR Maintenance and Confidentiality

We will hold SARs and any supporting documentation confidential. We will not inform anyone outside of a law enforcement or regulatory agency or securities regulator about a SAR. We will deny any subpoena requests we receive. We will segregate SAR filings and copies of supporting documentation from other firm books and records to avoid disclosing SAR filings. Our AML Compliance Officer will handle all subpoenas or other requests for SARs. We will share information with our clearing broker about suspicious transactions for determining when a SAR should be filed. As mentioned earlier, we may share with the clearing broker a copy of the filed SAR - unless it would be inappropriate to do so under the circumstances, such as where we file a SAR concerning the clearing broker or its employees.

b. Responsibility for AML Records and SAR Filing

Our AML Compliance Officer and his or her designee will be responsible to ensure that AML records are maintained properly and that SARs are filed as required.

c. Records Required

As part of our AML program, our firm will create and maintain SARs and relevant documentation on customer identity and verification, and funds transfers and transmittals as well as any records related to customers listed on the OFAC list. We will maintain SARs and their accompanying documentation for at least five years. Other documents will be kept according to existing BSA and other record keeping requirements, including certain rules that require six-year retention.

10.8 CLEARING/INTRODUCING FIRM RELATIONSHIPS

We will work closely with our clearing firm to detect money laundering. We will exchange information, records, data, and exception reports as necessary to comply with AML laws. Both our firm and our clearing firm have filed (and kept updated) the necessary annual certifications for such information sharing, which can be found at www.ustreas.gov/fincen/fi_infoappb.html. As a general matter, we have agreed that our clearing firm will monitor customer activity on our behalf, and we will provide our clearing firm with proper customer identification information as required to successfully monitor customer transactions. We have set out these responsibilities in our clearing agreement under NASD Rule 3230. We understand that the agreement will not relieve either of us from our independent obligation to comply with AML laws.

10.9 TRAINING PROGRAMS

We will develop ongoing employee training under the leadership of the AML Compliance Officer and senior management. Our training will occur on at least an annual basis.

Our training will include, at a minimum: how to identify red flags and signs of money laundering that arise during the course of the employees' duties; what to do once the risk is identified; what employees' roles are in the firm's compliance efforts and how to perform them; the firm's record retention policy; and the disciplinary consequences (including civil and criminal penalties) for non-compliance with the PATRIOT Act.

We will develop training in our firm, or contract for it. Delivery of the training may include educational pamphlets, videos, computer based training, in-person lectures, and explanatory memos. We will maintain records to show the persons trained, the dates, and the subject matter of their training.

We will review our operations to see if certain employees, such as those in compliance, margin, and operations, require specialized additional training. Our written procedures will be updated to reflect any such changes.

10.91 PROGRAM TO TEST AML PROGRAM

Personnel of our firm will perform the testing of our AML program. Their qualifications include: series 24 and one year of compliance experience. To ensure that they remain independent, we will separate their functions from other AML activities. AML testing will be completed at

least annually. After we have completed testing, staff will report its findings to senior management. We will address each of the resulting recommendations.

10.92 SENIOR MANAGEMENT APPROVAL

Senior Management will approve our AML program as reasonably designed to achieve and monitor our form's ongoing compliance with the requirements of the Patriot Act and the implementing regulations under it.

Rev. Form BR (10/2005)

MUTUAL SERVICE CORPORATION: 4806	**Reference #: 775405306511DCD5D**
CRD Branch #: 102127	

1. GENERAL INFORMATION

WARNING: Failure to keep this form current and to file accurate supplementary information on a timely basis, or the failure to keep accurate books and records or otherwise to comply with the provisions of law applying to the conduct of business as a broker-dealer or investment adviser would violate the federal securities laws, *self-regulatory organization* rules, and the laws of the *jurisdictions*, and may result in disciplinary, administrative, injunctive, or criminal action.

***Applicant* CRD #:**
4806

Name and principal place of business of firm filing this form:
***Applicant* Name:**
MUTUAL SERVICE CORPORATION

Address Street 1:
250 AUSTRALIAN AVE SOUTH

Address Street 2:

City:
WEST PALM BECH

State:
FL

Country:
UNITED STATES

Postal Code:
33401-5012

CRD Branch Number:
102127

Firm Billing Code (Firm Branch Designation):
490

Branch Office Location

Branch Address Street 1:
5312 N 12TH STREET

Branch Address Street 2:
SUITE 301

City:
PHOENIX

State:

Country:

Postal Code:
85014

BR # 490
DATE MS Closure
FIRST Richard
LAST Schmerann
REP # 5418

Private Residence Check Box:

Branch Telephone Number:
602-224-6040

Branch Facsimile Number:
602-266-5307

7. BRANCH CLOSING

Date operations ceased or will cease at the branch office (MM/DD/YYYY):
03/12/2008

Location of Books and Records:

Address (Street/City/State/Postal Code)

EXHIBIT
5-19
ADMITTED

ACC002116
FILE#8145

5312 N 12TH STREET, #301
PHOENIX AZ USA 85014

Contact Name and Telephone Number:

First Name:	Last Name:	Daytime Telephone Number:
RICHARD	SCHMERMAN	602-224-6040

9. SIGNATURE

The undersigned certifies that he/she has executed this form on behalf of, and with the authority of, the *applicant*. The undersigned and the *applicant* represent that the information and statements contained herein, and all materials filed in connection with this form, are current, true and complete. The undersigned and the *applicant* further represent that to the extent any information previously submitted is not amended, such information is accurate and complete. False statements on this application or any amendment thereto shall constitute a violation of the rules of the applicable *SRO(s)* and/or *jurisdiction(s)*.

A "signature" includes a manual signature or an electronically transmitted equivalent. For purposes of an electronic form filing, a signature is effected by typing a name in the designated signature field. The *applicant* or *applicant's* agent has typed the *applicant's* name under this section to attest to the completeness and accuracy of this record. By typing a name in this field, the signatory acknowledges and represents that the entry constitutes in every way, use, or aspect, his or her legally binding signature.

Signature of Appropriate Signatory:
AMY BETTS Amy Betts

Date (MM/DD/YYYY):
3/14/08

Name of Person Filing Form:
SUE MCBEE KERBY

Title of Person Filing Form:
SR. REG. ASSOCIATE

Telephone Number of Person Filing Form:
561-835-4100

DIVERSIFIED FINANCIAL

5312 North 12th Street Suite 301 Phoenix, Arizona 85014
(602) 224-6040 (602) 957-4845 Fax (602) 266-5307

Richard M. Schmerman, CFP, ChFC
Registered Investment Advisor
Member of the Registry
of Financial Planning Practitioners

September 11, 1995

Mr. and Mrs. Burritt J. Steward
[redacted]
[redacted] *Arizona* [redacted]

Dear Burrie and Barbara,

Enclosed you will find your investment management statement as of June 30, 1995. This reflects all investments and sales transacted before this date and includes all applicable brokerage charges unless otherwise noted.

The Dow Jones Industrial Average has risen nearly 20% for the first eight months of 1995, while the average stock mutual fund posted a total return of 9.67% for the second quarter of 1995, which is the best since the first quarter of 1991. This rally has been based on declining interest rates, low inflation, and strong corporate earnings. The current bull market in stocks began in August, 1982, and so far has lasted over 13 years, representing the longest bull market in history.

It has become apparent to us that institutional and individual investors have been literally throwing money at the stock market as if profits were a virtual guarantee. As equity prices extend their trajectory, it becomes increasingly important to maintain a sense of perspective, to avoid getting caught up in the enthusiasm of the market. Stock market literature has turned extremely bullish with many analysts now advocating buying and holding equities for decades or even for a lifetime. Almost every financial magazine and newspaper has become a cheerleader of mutual funds. Investors have moved beyond the "sober investment stage" to a more emotional stage associated with euphoria and speculation.

We have tried to "make sense" out of the rally by rationalizing and attempting to outline the factors which would ultimately lead to a decline. It is amazing to me that equities continue to be purchased at an almost frantic pace. This situation has reached the point of absurdity with new funds being brought to market on a daily basis. Investors have become convinced that all sell-offs simply set the stage for the next big advance. The current market action reminds us of a "wild fraternity party with everybody standing near the door hoping to leave before the police show up."

ACC013770
SCHMERMAN
FILE#8145

EXHIBIT
S-20a
ADMITTED

It is troubling to hear the "don't worry be happy" consensus developing. We strongly believe that the well-established standards of value for securities do retain their old significance. The level of enthusiasm is getting too high, with some prominent bears finally throwing in the towel and a few analysts getting involved in a "can you top this" prediction contest - calling for Dow 5500, 6000 and 7000 within a year.

Each time the equities market begins to decline, a growing number of investors are rushing in as though it were a major buying opportunity. The intolerance for cash (or any non-buy and hold strategy) has reached an extreme that is literally forcing any new investors into the bullish mainstream. Initial public offering bubbles are a good guide to speculative excesses within markets. When a company such as Netscape with cumulative revenues of $15 million is worth $3 billion in stock, we are entering "the silly season."

We keep hearing that "this time it is different." The majority of individuals have been conditioned to buy dips in this market, which typically occur only at significant trend changes. People are being led to believe that in order to get rich, they need to put their money into aggressive mutual funds and then hang on for the next twenty or thirty years. Today, there are over 30,000 investment clubs with new ones forming at a rate of 100 per week.

Since 1926, there have been only six years when the Standard and Poor's 500 rose more than 18% in the first six months. In each of these instances, the second half of the year was negative with a median decline of 5%. History shows that stocks usually follow one of two paths after an exceptionally strong first half. They either level off as in the last six months of 1991, or a steep dive results as in 1987. In the last 25 years, there have only been five up Septembers. At this point, it is almost ridiculous to talk about stock valuations. The stock market has already moved beyond all time-honored measurements. When the price/dividend ratio reaches 30 times, this shows a historically overbought market. There have been five instances in which the S&P 500 sold for more than 30 times dividends. Each of these yield extremes were associated with a market decline of 20% or more. Right now, we are at 43 times dividends. When the Dow Jones hit its top of 2722 back in 1987, the dividend yield was 2.60%. At Dow Jones 4735, the dividend yield was 2.32%.

It is important to exercise caution in this high-risk environment and not get caught up in the current market euphoria. We will continue to trade our high-quality issues for the short-term and leave our longer term investment methods for another timeperiod. After analyzing much historical technical data, we are concluding that a major top on the Dow Jones Industrials may have been made at 4727 on a closing basis or 4768 intraday. This level has only been exceeded for two days and by only nine points over the last two months. Never has the Dow Jones gone so long (4.8 years) without a correction of at least 10%. Until July, the major averages had not even corrected 2% on a closing basis. Based on lower highs and lower lows, our expectation is that the Dow Jones will be rolling over and heading much lower for the next couple of months. Major support on the Dow Jones Industrial Average comes in at 4552. A 15% correction would put us between 4000-4100 and this is a likely probability.

Amid signs that economic growth is slowing, this year's gains have been spurred by a bond market rally that has seen the yield on the 30-year Treasury Bond fall from 7.90% to 6.55%. Our neutral analysis expects the 30-year Treasury Bond market to trade in a range of 6.30%-7.25% for the majority of 1995 as technical and fundamental factors gradually remain favorable.

We are continuing to wrestle with the prospects for a business recession. The bond market's yield curve is becoming slightly inverted (long-term interest rates fall below short-term rates) among shorter duration instruments. History shows these inversions often precede recessions. The bond advance has been based on weaker economic statistics and the hope that these weak statistics will spur the Federal Reserve to further drop interest rates. It is clear that the Federal Reserve does not want to be held responsible for an election year recession and will continue moving to minimize the likelihood of this event.

With a slowing economy and a stronger U.S. Dollar, the economic fundamentals remain positive. The latest rally in the U.S. Dollar seems to reflect a belief that the U.S. Congress is finally serious about reducing the federal deficit. Intervention on the part of the Bank of Japan and the Federal Reserve to strengthen the dollar has initially proven to be successful. Unless U.S. consumers are willing to tap their already meager savings to sustain spending, retail sales will continue to stall. Many reasons have been cited for the slowdown in consumer spending, including an overextended credit environment, renewed concerns over near-term job prospects, and extreme softness in durable goods orders. Inflation is rising modestly and the economy is near full employment. If there is a pickup in growth, it would tighten up the labor market and put upward pressure on average hourly earnings, which are continuing to rise.

Sincerely,

Richard M. Schmerman

ACC013772
SCHMERMAN
FILE#8145

DIVERSIFIED FINANCIAL

5312 North 12th Street Suite 301 Phoenix, Arizona 85014
(602) 224-6040 (602) 957-4845 Fax (602) 266-5307

Richard M. Schmerman, CFP, ChFC
Registered Investment Advisor
Member of the Registry
of Financial Planning Practitioners

March 30, 1996

Mr. and Mrs. Burritt J. Steward
[redacted]
[redacted] Arizona [redacted]

Dear Burrie and Barb,

Under the Brochure Rule of the Investment Advisers Act (Rule 204-3), all Registered Investment Advisers in the United States are required to deliver a written description of the firm's available services and qualifications to its current and prospective financial advisory clients.

Enclosed is Form ADV-Part II (dated March 29, 1996) of the Uniform Application for Investment Adviser Registration with the Securities and Exchange Commission.

If you have any questions about this, please do not hesitate to contact our firm.

Sincerely,

Rich

Richard M. Schmerman

Enclosure

RMS:tdm

EXHIBIT
S-206
ADMITTED

ACC013790
SCHMERMAN
FILE#8145

DIVERSIFIED FINANCIAL

5312 North 12th Street Suite 301 Phoenix, Arizona 85014
(602) 224-6040 (602) 957-4845 Fax (602) 266-5307

Richard M. Schmerman, CFP, ChFC
Licensed Investment Advisor
Tax Planning and Portfolio Management

February 1, 2008

Mr. Burritt Steward
[redacted]
[redacted] Arizona [redacted]

Dear Burrie,

Just wanted to let you know we are moving to a temporary location through the fall of 2008. Our office building of 17 years caught fire and needs to be rebuilt. Fortunately, none of your records suffered any material damage because of our security, record retention, and file maintenance procedures.

In the interim, we will be moving our office on February 1, 2008 to the address listed below:

New Office

Pointe Business Plaza
7227 North 16th Street, Suite 180 (Building B)
Phoenix, Arizona 85020
(16th Street just north of Glendale Avenue on the east side)

Phone: (602) 224-6040
Phone: (602) 234-2495
Fax: (602) 266-5307

These phone numbers and fax number will remain the same.

As you can imagine there have been some logistical issues but generally, it has been business as usual in meeting your investment advisory and tax planning needs.

If you have any questions or concerns, please don't hesitate to call our office.

Sincerely

Richard Schmerman

ACC013874
SCHMERMAN
FILE#8145

EXHIBIT
S-20C
ADMITTED

Securities Offered Through Mutual Service Corporation
Member NASD/SIPC
Diversified Financial is not affiliated with Mutual Service Corporation

6-23-11

KAREN HOULE, CLA
ARIZONA CORPORATION COMMISSION
1200 WEST WASHINGTON
PHOENIX, AZ 85007

DEAR MS. HOULE:

AS PER OUR PHONE CONVERSATION YESTERDAY I AM ENCLOSING MY BANK STATEMENT FOR 4/13/11 THRU 5/11/11 SHOWING THE $2,600.00 HIGHLIGHTED IN YELLOW THAT WAS DEPOSITED TO MY ACCOUNT BY MR. SCHMERMAN.

I CAN NOT SEND YOU A COPY OF ANY STATEMENT FROM MR. SCHMERMAN. TO BE HONEST WITH YOU I HAVE NOT RECEIVED ONE FROM HIM IN THE LAST COUPLE OF YEARS. THIS SEEMS ODD, BUT BEING A GOOD FRIEND OVER THE LAST 20+ YEARS & BEING IN CONTACT WITH HIM & RECEIVING THE MONEY I ALWAYS REQUESTED I DID NOT QUESTION HIM.

I STILL HAVE AROUND $200,000.00 WITH HIM. DO YOU THINK I HAVE ANY THING TO WORRY ABOUT?

SINCERELY,

BURRITT J. STEWARD

EXHIBIT S-21a ADMITTED

PH. [redacted]

[redacted] AZ [redacted]

ACC009119
SCHMERMAN
FILE#8145

HH

BURRITT J STEWARD
PAMELA MORAN

Deposit Accounts

Adv Tiered Interest Chkg
Platinum Privileges Relationship Account

BURRITT J STEWARD PAMELA MORAN

Your Account at a Glance

Account Number		[redacted] 9177
Beginning Balance on 04-13-11	$	34,380.46
Deposits and Other Additions	+	6,707.35
Checks Posted	-	532.00
ATM and Debit Card Subtractions	-	301.10
Other Subtractions	-	1,369.71
Ending Balance on 05-11-11	**$**	**38,885.00**

Annual Percentage Yield Earned this Statement Period: 0.08%
Interest Paid Year to Date: $11.65

Your Total Qualifying Balance Is Based on the Following Accounts

Account Name	Account Number	Qualifying Balance ($)	Type of Balance	Date
Adv Tiered Interest Chkg	[redacted] 9177	36,797.21	Average	05-10
Money Market Savings	[redacted] 9185	19,119.79	Average	05-10
9 Mo Risk Free CD	[redacted] 3842	0.00	Current	04-08
Fixed Term CD	[redacted] 0763	0.00	Current	01-08
Fixed Term CD	[redacted] 0789	0.00	Current	01-09
11Mo Risk Free CD	[redacted] 2753	0.00	Current	04-08
9 Mo Risk Free CD	[redacted] 3882	0.00	Current	05-05
MLPF&S-Brokerage	[redacted] 3172	0.00	Ending	05-10

Total Qualifying Balance $55,917.00

Thank you for banking with us. The monthly maintenance fee was waived this statement cycle because you are an Advantage customer who maintained a qualifying balance.

Adv Tiered Interest Chkg Additions and Subtractions

Date Posted	Amount($)	Resulting Balances($)	Transactions
~~04-18~~	~~25.67-~~	~~34,354.79~~	~~Aps Des:Billing ID:Xxxxxxxxx~~
			Indn:Burritt J Steward Co ID:1860011170 Ppd
04-18	150.00-	34,204.79	Check 3725
04-18	42.09-	34,162.70	City Of Peoria Des:Utilities ID:00016290-00
			Indn:Burritt Steward Co ID:1866003634 Ppd
04-20	96.40+	34,259.10	Ysa Des:Ysa Reimb ID:Xxxxxxxxx H
			Indn:Steward Burritt Co ID:1362235791 Ppd
04-20	159.12-	34,099.98	Cox Comm Phx Des:Bank Draft ID:436087413001001
			Indn:Burritt Steward Co ID:1860198371 Ppd
04-21	2,100.00+	36,199.98	Counter Credit
04-21	500.00+	36,699.98	Counter Credit
04-25	301.10-	36,398.88	Usps 038269070 04/25 #000188993 Purchase
			Usps 0382690700/U Sun City AZ
04-25	8.00-	36,390.88	Check 3727

ACC009120
SCHMERMAN
FILE#8145

Reference: 1000148621993:1000148621993:1000148608993

3377

BURRITT J. STEWARD
PAMELA MORAN
[redacted]
[redacted] AZ [redacted]

91-170/1221 AZ
8212

Date 12-31-04

Pay to the order of DIVERSIFIED FINANCIAL $ 1,845.00

ONE THOUSAND EIGHT HUNDRED FORTY FIVE $.00/ Dollars

Bank of America

ACH R/T 122101706

Memo

⑆122101706⑆ [redacted] 9177⑈ 3377

FOR DEPOSIT ONLY
DIVERSIFIED FINANCIAL

R/T Number	12210170	Processing Date	20050215
Sequence Number	6834713336	Amount	1845.00
Account Number	[redacted]9177	Check Number	3377

ACC008571
SCHMERMAN
FILE#6145

EXHIBIT
S-216
ADMITTED

Reference: 1000148627826:1000148627826:1000148614824

BURRITT J. STEWARD
PAMELA MORAN
[redacted] AZ [redacted]

3410

91-170/1221 AZ
8272

Date 7-22-05

Pay to the Order of DIVERSIFIED FINANCIAL $ 1,845.00

ONE THOUSAND EIGHT HUNDRED FORTY FIVE & 00/100 Dollars

Bank of America

ACH R/T 122101706

Memo

⑆122101706⑆ [redacted] 9177⑈ 3410

FOR DEPOSIT ONLY
DIVERSIFIED FINANCIAL

R/T Number	12210170	Processing Date	20050722
Sequence Number	6937435942	Amount	1845.00
Account Number	[redacted]9177	Check Number	3410

ACC008572
SCHMERMAN
FILE98145

Reference: 2000078730502:2000078736502:2000078740502

BURRITT J. STEWARD
PAMELA MORAN
[redacted]
[redacted] AZ [redacted]

ID
ISSUE
HIST

AD 06/93
SIG Date 7-22-05
HPF

3411

91-170/1221 AZ
8272

Pay to the order of DIVERSIFIED FINANCIAL INSTITUTIONAL ACCT $ 162,620.54

ONE HUNDRED SIXTY TWO THOUSAND SIX HUNDRED TWENTY & 54/100 Dollars

Bank of America

ACH R/T 122101706

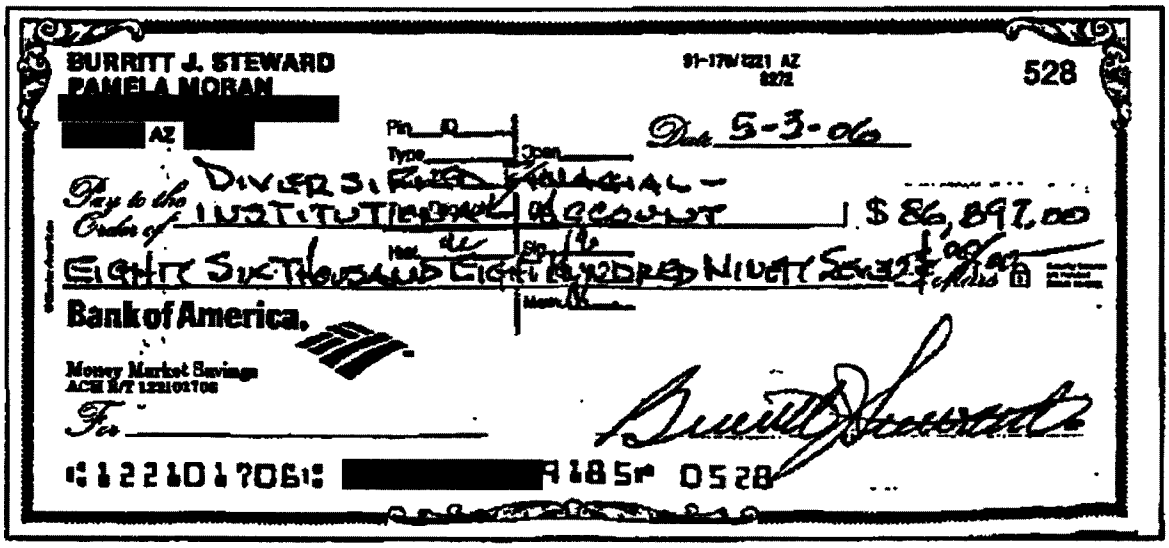
Memo

⑆122101706⑆ [redacted]9177⑈ 3411

FOR DEPOSIT ONLY
DIVERSIFIED FINANCIAL
CREDITED TO THE ACCOUNT OF
WITHIN NAMED PAYEE
LACK OF ENDORSEMENT GUARANTEED
WELLS FARGO BANK, N.A.
AU 66040

R/T Number	12210170	**Processing Date**	20050722
Sequence Number	6937435943	**Amount**	162620.55
Account Number	[redacted]9177	**Check Number**	3411

Reference: 1000103651199:1000103651199:1000103639199


BURRITT J. STEWARD
PAMELA MORAN
[redacted]
[redacted] AZ [redacted]

91-170/1221 AZ
8272

528

Date 5-3-06

Pay to the Order of DIVERSIFIED FINANCIAL INSTITUTIONAL ACCOUNT $ 86,897.00

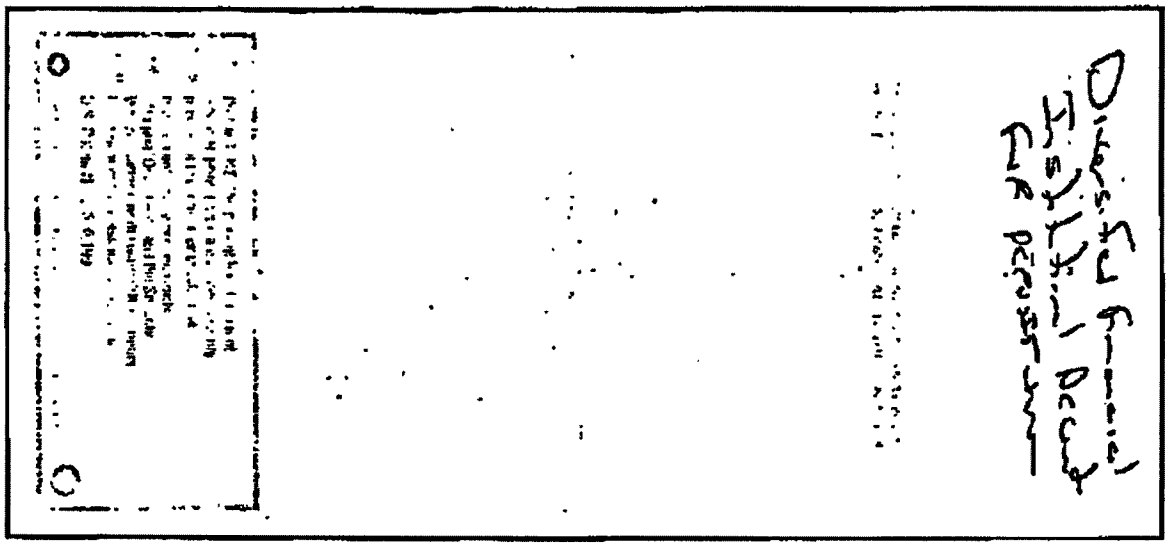
EIGHTY SIX THOUSAND EIGHT HUNDRED NINETY SEVEN 00/100 Dollars

Bank of America.

Money Market Savings
ACH R/T 122101706

For

⑆122101706⑆ [redacted] 9185⑈ 0528



R/T Number	12210170	**Processing Date**	20060503
Sequence Number	006535246165	**Amount**	86897.00
Account Number	[redacted]9185	**Check Number**	528

BURRITT J. STEWARD
PAMELA MORAN
[redacted] AZ [redacted]

3674

91-170/1221 AZ
8443

Type
Issue/Exp.
Tkn. Dep.only
Hist.
Order
AD 5/20/10
DATE
Sig.
Memo

PAY TO THE ORDER OF Diversified Financial Investment $ 100,000.00

One Hundred Thousand & 00/100 DOLLARS

Bank of America

ACH R/T 122101706

Premier Banking

⑆122101706⑆ [redacted]9177⑈3674

Diversified Financial Institutional Account
For Deposit Only

R/T Number	12210170	Processing Date	20100520
Sequence Number	050068652965	Amount	100000.00
Account Number	[redacted]9177	Serial Number	3674

ACC011156
SCHMERMAN
FILE#8145

charles SCHWAB

Corporate Compliance
4750 E. Francisco Dr., Phoenix, AZ 85044
Tel (602) 977-4642 Fax (602) 977-5220

September 2, 2011

VIA SECURE MESSAGE PORTAL

Phong Huynh
Staff Attorney
Arizona Corporation Commission, Securities Division
1300 W Washington, 3rd Floor
Phoenix, AZ 85007

Re: Richard Mark Schmerman CRD#1302988

Dear Mr. Huynh:

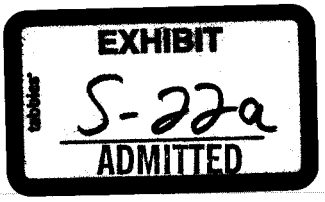
This letter is in response to your inquiry to Charles Schwab & Co. Inc. ("Schwab") dated August 8, 2011 and our conversation on August 24, 2011. I have responded to the questions in the order presented.

1. As we discussed, Schwab used dates of April 16, 2010 to the present, as Mr. Schmerman and his firm Diversified Financial were closed on April 15, 2010, and we were unable to locate any accounts in which Mr. Schmerman or Diversified Financial held power of attorney (POA).

2. See response to item 1.

3. On the enclosed CD you will find copies of internal reports, investigations, or correspondence concerning excessive trading, unsuitable investments, or excessive advisory fees regarding Schmerman and the accounts he had POA over.

For reasons of business confidentiality, Schwab requests confidential treatment for the information contained in this letter and the documents provided pursuant to your request (the "Confidential Material"). The Confidential Material contains information concerning Schwab's business and is maintained in confidence by Schwab. Accordingly, the information and documents provided are submitted to you with our request that they will be kept in a non-public file and the only the Arizona Corporation Commission staff will have access to them. Should you receive any request for these documents, Schwab requests that the firm be furnished a copy of all written materials pertaining to such request. Our production of these documents is not intended to, and does not; waive any



applicable privilege or other legal basis under which information may not be subject to production.

If you have any questions, or require additional documents, please feel free to contact me by telephone at 602-977-4642, or by facsimile at 602-977-5220.

Sincerely,

Jeff Dow
Director Compliance
Charles Schwab & Co., Inc.

Help | Log Out

charles SCHWAB

Secure Email Channel

Greg Thomsen

Folders

- Inbox
- Draft
- Sent
- Trash

- Folder Management
- Address Book
- Search
- Edit Profile

Re: Richard Mark Schmerman

Reply | Reply All | Forward | Printable View

From:	Armando.Torres@schwab.com
To:	gthomsen@azcc.gov
Subject:	Re: Richard Mark Schmerman
Sent:	05/12/2011 01:28 PM PDT
Expiration Date:	05/19/2011 01:31 PM PDT

Attachments:

- 78681926.STMT.2011-03.PDF
- 78681926.STMT.2005-03.PDF
- 78681926.STMT.2005-06.PDF
- 78681926.STMT.2005-09.PDF
- 78681926.STMT.2005-12.PDF
- 78681926.STMT.2006-03.PDF
- 78681926.STMT.2006-06.PDF
- 78681926.STMT.2006-09.PDF
- 78681926.STMT.2006-12.PDF
- 78681926.STMT.2007-03.PDF
- 78681926.STMT.2007-06.PDF
- 78681926.STMT.2007-09.PDF
- 78681926.STMT.2007-12.PDF
- 78681926.STMT.2008-03.PDF
- 78681926.STMT.2008-04.PDF
- 78681926.STMT.2008-05.PDF
- 78681926.STMT.2008-06.PDF
- 78681926.STMT.2008-07.PDF
- 78681926.STMT.2008-08.PDF
- 78681926.STMT.2008-09.PDF
- 78681926.STMT.2008-10.PDF
- 78681926.STMT.2008-11.PDF
- 78681926.STMT.2008-12.PDF
- 78681926.STMT.2009-01.PDF

EXHIBIT
S-22b
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78681926.STMT.2009-02.PDF
78681926.STMT.2009-03.PDF
78681926.STMT.2009-04.PDF
78681926.STMT.2009-05.PDF
78681926.STMT.2009-06.PDF
78681926.STMT.2009-07.PDF
78681926.STMT.2009-08.PDF
78681926.STMT.2009-09.PDF
78681926.STMT.2009-10.PDF
78681926.STMT.2009-11.PDF
78681926.STMT.2009-12.PDF
78681926.STMT.2010-01.PDF
78681926.STMT.2010-02.PDF
78681926.STMT.2010-03.PDF
78681926.STMT.2010-04.PDF
78681926.STMT.2010-05.PDF
78681926.STMT.2010-06.PDF
78681926.STMT.2010-07.PDF
78681926.STMT.2010-08.PDF
78681926.STMT.2010-09.PDF
78681926.STMT.2010-11.PDF
78681926.STMT.2010-12.PDF
78681296.pdf
Associated Accounts.xls

April 29, 2011

Phong (Paul) Huynh
Arizona Corporation Commission
Securities Division
1300 W Washington, 3rd Floor
Phoenix, AZ85007

Re: Richard Mark Schmerman CRD #1302988

Dear Mr. Huynh,

This is in response to your request for information dated April 8, 2011, to Charles Schwab & Co., Inc. ("Schwab") for the above referenced matter. Attached are the following:

1. Account opening documents and statements for account number ****-*926;

2. Please review "Associated Accounts" for the list of accounts that were in the name and/or control of Richard Schmerman during the

ACC008367
FILE#8145

period as referenced on your inquiry.

For reasons of business confidentiality, Schwab requests confidential treatment for the information contained in this letter and the documents provided pursuant to your request (the "Confidential Material"). The Confidential Material contains information concerning Schwab's business and is maintained in confidence by Schwab. Accordingly, the information and documents provided are submitted to you with our request that they will be kept in a non-public file and that only the State of Arizon staff will have access to them. Should you receive any request for these documents, Schwab requests that the undersigned immediately be notified of such request, and be furnished a copy of all written materials pertaining to such request. Our production of these documents is not intended to, and does not, waive any applicable privilege or other legal basis under which information may not be subject to production.

Should you require any additional information, please contact me at (415) 667-0734.

Thanks

Armando Torres
Senior Compliance Specialist
Compliance Department

Reply | Reply All | Forward | Printable View

Contact Us Terms of Use

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ACC008368
FILE#8145

Charles Schwab & Co., Inc. NEW ACCOUNT APPLICATION

America's Largest Discount Brokerage Firm Member: New York Stock Exchange, Inc. and other principal stock and option exchanges
Home Office: The Schwab Building • 101 Montgomery Street, San Francisco, California 94104 • Tel: (415) 398-1000 A BankAmerica Company SIPC

PLEASE PRINT OR TYPE
In order for your account to be opened, all information on this page must be completed NOV 04 1985 [redacted] 1926

ACCOUNT HOLDER: Richard M. Schmerman
Please print your name the way you want your account to be opened.

CO-ACCOUNT HOLDER (if applicable):
Please print your name the way you want your account to be opened.

RESIDENCE ADDRESS

Street: [redacted] City: [redacted]
State: Arizona Zip: [redacted] Telephone: [redacted]

BUSINESS ADDRESS

Street: 5055 North 12th St City: Phoenix
State: Arizona Zip: 85014 Telephone: (602) 264-3293

3 1 5 0 3 2 1 0 7

Please indicate the address to which all mail should be sent: ☒ Residence ☐ Business ☐ P.O. Box #

City State Zip

ACCOUNT INFORMATION

Please open my account as indicated below:
☒ Cash (Sign 1) ☒ Margin & Short (Sign 1 and 2)
☒ Options (Complete Option Financial Questionnaire and sign 1, 2 and 3.)

Please indicate the type of registration (Check only one)
☒ Individual ☐ Tenants in Common
☐ Joint Tenants with Right of Survivorship
☐ Custodian (Provide SS# & birthdate of minor—all other information must be regarding the custodian.)
☐ Other (please circle): Investment Club, Trust, Sole Proprietorship, Estate, Corporate, Non-Corporate, Partnership, Community Property, Delivery vs. Payment. (Appropriate documents must accompany application. Contact your local branch for further information.)

Social Security Tax I.D. Number: [redacted] 8399
Country of Citizenship: USA Country of Legal Residence: USA
Bank Reference (Bank, Branch, Acc't No.): [redacted] -1427

	ACCOUNT HOLDER	CO-ACCOUNT HOLDER
Birthdate	[redacted]	
Years at Residence	2	
Employer	Acosta, Cordova & Pittman CPA's	
Years with Employer	1	
Occupation	Personal Financial Planner	
Is there another name by which you are known?	No	
If you are a director, 10% shareholder, or policy-making officer of a publicly-traded company, please specify the company	No	
If you are affiliated with or work for a securities firm, bank, trust or insurance company, please specify the firm or company	None	

When you are between trades, do you want the cash balances in your account to earn daily interest in a money market fund? If yes, please select a primary portfolio from the three Kemper funds listed below, and read the Money Market Agreement on the back of this application.

( ) Cash Equivalent Fund, Inc. Money Market Portfolio
( ) Cash Equivalent Fund, Inc. Government Securities Portfolio
( ) Tax-Exempt Money Market Fund, Inc.

To open your Kemper Money Market Fund today, please enclose the required minimum of $2,000 as a deposit into your Schwab account. (Make checks payable to Charles Schwab & Co., Inc.)

( ) I enclose $2,000 ( ) I have chosen a portfolio above, but I will fund it later.

Schwab will automatically hold—free of charge—all of your securities purchased. We will also hold all sale proceeds, dividends, and interest. In addition, Schwab will release your name, address, and security position to requesting companies in which Schwab holds securities for your account. Or we will follow your special instructions stated below:

1. Register securities purchased in account name and mail certificates to me. Certain low priced securities may be subject to a special handling fee.
2. Mail proceeds to me on settlement date (not available if you sign up for a money market fund).
3. Mail all dividends/interest to me at month end.
4. Mail all dividends/interest to me as they accrue.
5. Mail duplicate confirmations and statements to another party. Please attach instructions.
6. I do not want my name, address, and security position released to requesting companies in which I hold securities.

I (We) have read and understood the Cash Account Agreement on the reverse side of this application.

1 Date: 10/30/85 Signature: X Richard M. Schmerman Signature: X

(If this is a joint account, all account holders must sign.)

SEE OTHER SIDE→

EXHIBIT S-22C ADMITTED

FOR CHARLES SCHWAB USE ONLY

Date Approved: 10/31/85 Approved By: [signature] A/C #: [redacted] 1926 Source Code: [illegible]

ACC008153
FILE#8145

CASH ACCOUNT AGREEMENT

I hereby request Charles Schwab & Co., Inc. to open the Cash Account in the names set forth on the front of this application. When my account is opened, Schwab will send me the Terms & Conditions that will govern my account and I agree to be bound by them as currently in effect and as amended from time to time.

I acknowledge that Charles Schwab & Co., Inc., in strict accordance with Company policy, does not solicit transactions in or give investment advice concerning any security, including options.

I certify under penalties of perjury that (1) the number shown on this application is my correct taxpayer identification number, and (2) that I am not subject to backup withholding as a result of a failure to report all interest and dividends, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding. (Note: You must strike out the language certifying that you are not subject to backup withholding due to failure to report interest and dividends if you have been notified that you are subject to backup withholding, and you have not received a notice from the Internal Revenue Service advising you that backup withholding has been terminated.)

MONEY MARKET AGREEMENT

I understand the Kemper money market feature will be implemented when there is an initial $2,000 deposit in my account (this deposit must be free and clear on a Friday). Subsequent deposits must be $500 or more. I will earn interest on these funds in accordance with the terms of the prospectus of the funds (prospectuses available).

I agree to read and be bound by the Terms & Conditions of the money market feature as handled by Schwab. Upon Schwab's receipt of my initial $2,000 deposit, a copy of the Terms & Conditions will be sent to me along with the prospectus for the fund I elected on the front of this application.

Complete this section only if you want a Margin & Short Account and/or an Options Account.

MARGIN AND SHORT ACCOUNT AGREEMENT

In consideration of Charles Schwab & Co., Inc. accepting and carrying for me a Margin and Short Account I hereby understand and agree that in addition to the provisions of the CASH ACCOUNT AGREEMENT, the following provisions shall apply.

Pledge of Securities

All securities now or hereafter held in the account of the undersigned may be pledged, repledged, hypothecated or rehypothecated either separately or together with securities of other customers either for the amount due you from time to time or for a greater sum. Such consideration shall be made without regard to whether or not such securities are in the possession and control of Charles Schwab & Co., Inc.

I will not enter an order in my Margin and Short Account until I have read and understood the Charles Schwab & Co., Inc. Margin and Short Account Disclosure which will be sent to me when my account is approved for trading.

Interest on Debit Balances

"Interest on debit balances shall be charged in accordance with Schwab's Margin and Short Account Rules and the laws and regulations as permitted under the laws of California." I will be given credit for free credit balances in cash accounts and that credit will reduce any debit balances in other accounts.

Married persons may apply for separate accounts.

By signing this agreement I acknowledge that my securities may be loaned to you or loaned out to others.

2	Date	Signature	Signature
	10/30/85	X Richard M. Schwarman	X

(If this is a joint account, all account holders must sign.)

OPTIONS FINANCIAL QUESTIONNAIRE

Due to the risk inherent in options, the exchanges require us to ask the following questions. This information will be used to assess your eligibility under exchange rules to trade options, and will be treated confidentially.

Level 1 approved by Jane

What are your investment objectives? (You may check one or more.)

☒ Growth ☒ Speculation ☒ Income
☐ Conservation of Capital ☐ Other

What type of activity do you plan to conduct in your Option Account? (Check one or more.)

☒ Covered Options ☒ Purchase Options and Create Spreads ☐ Write Uncovered Options ($15,000 minimum equity required in account.)

ACCOUNT HOLDER	CO-ACCOUNT HOLDER
Name: Richard M. Schwarman	Name:
Number of Dependents: 0 Marital Status: Single	Number of Dependents: Marital Status:
Approximate Annual Income: 30,000	Approximate Annual Income:
Approximate Net Worth (excl. of residence): 60,000	Approximate Net Worth (excl. of residence):
Liquid Net Worth (cash, stocks, etc.): 27,000	Liquid Net Worth (cash, stocks, etc.):
Funds Available for Options Investment: 10,000	Funds Available for Options Investment:
INVESTMENT EXPERIENCE	**INVESTMENT EXPERIENCE**
No. of Years: 1 No. of transactions per year: 10	No. of Years: No. of transactions per year:
Size of transactions (e.g. $1,000, $5,000, $50,000, etc.): 1000 [illegible]	Size of transactions (e.g. $1,000, $5,000, $50,000, etc.):
Types of Transactions: ☒ Stocks ☐ Bonds ☒ Options	**Types of Transactions:** ☐ Stocks ☐ Bonds ☐ Options
Investment Knowledge: ☐ Limited ☐ Good ☒ Extensive	**Investment Knowledge:** ☐ Limited ☐ Good ☐ Extensive

OPTIONS ACCOUNT AGREEMENT

I represent that I am aware of the inherent risks of options trading and that I am financially able to bear such risks and withstand options trading losses. I hereby apply for an Options Account. I agree to read the Terms and Conditions that will govern my Account and to be bound by them as currently in effect and as amended from time to time. I understand that they will be sent to me when my account is opened. I further agree to read Schwab's Options Trading Rules and the Basic Disclosure Document prior to conducting any trades in such account, and to be bound by such Rules as currently in effect and as amended from time to time. I understand these documents will be sent to me when my account is approved for trading. I agree that I will not, alone or in concert with others, either directly or indirectly, (a) hold or control any number of option contracts which exceed the position limitations or (b) exercise a long position in any option contract that will exceed the exercise limitations as fixed from time to time by the exchanges or markets where such option contracts are traded. I understand my account will be handled in accordance with the rules of the Options Clearing Corporation and the applicable Exchange and of other regulatory agencies, and I agree to conduct activity in my account in accordance with such rules.

3	Date	Signature	Signature
	10/30/85	X Richard M. Schwarman	X

(If this is a joint account, all account holders must sign.)

Is account to be operated under a discretionary trading authorization? ☐ Yes ☒ No

If yes, your agent must also complete and sign the Option Financial Questionnaire and a Schwab Power of Attorney form must be attached. What is relationship of individual holding trading authorization?

FOR CHARLES SCHWAB USE ONLY

Customer has been approved for:
☐ Covered Options ☒ Purchasing Options Creating Spreads ☐ Writing Uncovered Options

Accepted 11/31/85 Registered Options Principal Signature Date NOV 04 1985
Date Basic Options Disclosure Document mailed or given
Source of background information concerning customer

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ACC008154
FILE#8145

Account ID	Account Name	Account Open Date	Date Delinked
2944	RICHARD M SCHMERMAN DBA DIV FINANCIAL	12/28/2001	
7328	JOHN A LOOMAN	12/5/2005	4/5/2010
7718	STEPHEN F ALBERT	4/23/2001	4/5/2010
5773	DONNA LEE STOUT	5/23/2005	4/5/2010
7713	BONNIE FOSTER REYNOLDS	1/4/2005	4/5/2010
1417	CARL ALFRED KALLGREN III &	2/11/2000	4/5/2010
7714	RICHARD J RUBIN	7/22/2003	4/5/2010
7714	RICHARD J RUBIN	7/22/2003	4/5/2010
0918	DOMENIC DONALD SIRIGNANO &	5/17/2006	4/5/2010
5641	PEGGY LEE MYERS TTEE	5/18/1997	4/5/2010
0118	RENA C BALDENEGRO	4/17/1998	4/5/2010
1919	ROBIN JONATHON SAMUEL &	9/12/2008	4/5/2010
3137	ROLF F VRLA	11/5/2009	4/5/2010
4983	BARTON A BROWN &	11/26/1993	4/5/2010
8037	EVE-MARIE VRLA	12/15/2009	4/5/2010
3220	JUDITH A LEVIN	6/26/2003	4/5/2010
5112	ROLF F VRLA TTEE	5/15/2003	11/5/2009
7730	JOSEPH A MILLER	5/25/2006	4/5/2010
3910	JUDITH A LEVIN	2/11/2004	4/5/2010
3327	MARY LOU SIRIGNANO	12/15/2004	4/5/2010
7445	LINDA M COX	5/20/1997	4/5/2010
9132	FRANCES VENICE POTTER	12/31/2008	4/5/2010
7221	JOHN A LOOMAN	10/27/2001	4/5/2010
5180	GEOFFREY DANIEL VRLA	1/19/2010	4/5/2010
8493	ROLF F VRLA INH IRA	11/5/2009	4/5/2010
5985	ANN V DRAGANICH CUST FOR	12/2/1998	4/5/2010
3613	R VRLA & C STOSKOPF-VRLA TTEE	7/7/2002	4/5/2010
6672	DONNA LEE STOUT	5/23/2005	4/5/2010
7439	WENDY G KALLGREN	1/26/1994	4/5/2010
0827	SANDRA S ROSE TTEE	2/10/2003	5/19/2009
3494	BARBE ANN BRZEZINSKI	1/30/2009	4/5/2010
5464	MELVYN C ROTHMAN	8/8/2005	4/5/2010
1494	TRACY ANNETTE ANTHONY	6/23/2005	4/5/2010
6466	JEAN LOU OSENBAUGH	11/6/2009	4/5/2010
0465	NANCE J EWING	7/15/1998	4/5/2010
9735	FRANK R MADIA TTEE	3/23/2000	4/5/2010
8600	RACHEL D ELSON-ROTHMAN	3/27/2001	4/5/2010
8740	MARK D VRLA	12/20/2009	4/5/2010
8276	ANN V DRAGANICH INH IRA	12/21/2009	4/5/2010
2805	JOHN A LOOMAN	11/10/2009	4/5/2010
6345	ERIC M FISCHER &	12/29/2002	4/5/2010
4895	BONNIE FOSTER REYNOLDS	1/2/2005	4/5/2010
7187	LILA FAE ATHERTON	7/22/2005	4/5/2010
2187	LILA FAE ATHERTON	7/22/2005	4/5/2010
6363	RICHARD C MORAN	11/13/2003	4/5/2010
5803	MAX L WITTER	3/10/2005	4/5/2010
1196	MARIE E BEBEE CONSERVATOR	9/25/2008	4/5/2010
9253	DICK E WITTER TTEE	11/6/2008	4/5/2010
0017	CARRIE LOUISE HEMPEL	12/27/1995	4/5/2010
0019	CARRIE LOUISE HEMPEL	12/27/1995	4/5/2010
7531	MARCY JEAN HENDERSON	3/8/2002	4/5/2010

EXHIBIT
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ADMITTED

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FILE#8145

6609	DANA KENNETH HICKS &	3/5/1997	4/5/2010
0360	MICHAEL J HOCKENBERGER &	6/2/1995	4/5/2010
1466	MARIE E BEBEE CONSERVATOR	9/24/2008	4/5/2010
8972	PEGGY LEE MYERS CONSERVATOR	12/8/2009	4/5/2010
9841	JUDITH A LEVIN	7/18/2000	4/5/2010
7850	LINDA O'NEAL DAVIS	5/27/2006	4/5/2010
3502	H. LEE DAMESHEK MD	3/27/2006	4/5/2010
5571	REBECCA WAYNE	8/19/2008	4/5/2010
5534	BARBE ANN BRZEZINSKI	1/30/2009	4/5/2010
8846	E PAUL KOURY	11/3/1999	4/5/2010
6985	DAVID JOHN LANE &	6/28/1996	4/5/2010
9543	EDNA M LOOMAN	8/19/1996	1/8/2009
7132	JOAN MAGEN CUST FOR	5/23/2001	4/5/2010
7581	JOAN MAGEN CUST FOR	7/1/1998	4/5/2010
8767	JOAN MAGEN CUST FOR	7/1/1998	4/5/2010
8771	JOAN MAGEN	10/19/1987	4/5/2010
8778	JOAN MAGEN & WALTER MAGEN TTEE	7/25/1991	4/5/2010
8891	PHILIP ALAN MAGEN	8/1/1994	4/5/2010
8893	PHILIP ALAN MAGEN	5/30/1995	4/5/2010
8987	RICHARD JAY MAGEN	4/23/1991	4/5/2010
1272	WALTER MAGEN	8/23/1994	4/5/2010
8231	SHEILA LAVINE TTEE	3/10/1997	4/5/2010
6141	MARCY JEAN HENDERSON	1/20/2006	4/5/2010
4489	ROLF F VRLA TTEE	5/15/2003	11/5/2009
6521	G LOZES & M HENDERSON TTEE	3/12/2002	4/5/2010
5694	JOAN MAGEN CUST FOR	2/13/2004	4/5/2010
8700	BARBE ANN BRZEZINSKI	1/30/2009	4/5/2010
3719	JOE C LINDSAY &	11/24/2008	4/5/2010
2912	JEAN MARIE METZLER	1/19/2010	4/5/2010
9892	CYNTHIA A HASPER	1/26/2009	4/5/2010
7165	DAVID PELLISH	6/4/1999	4/5/2010
7279	RITA ELLEN PELLISH	1/22/1996	4/5/2010
7280	JUDY PELLISH	6/10/1997	4/5/2010
9863	MICHELLE Z DAMESHEK	3/28/2006	4/5/2010
0790	ROBERTA ANN PIKE	2/7/1995	5/7/2009
8104	MICHELLE Z DAMESHEK	3/24/2006	4/5/2010
1581	JO ANNE L DELLE	3/8/1996	4/5/2010
1582	JO ANNE L DELLE	3/8/1996	4/5/2010
2261	RICHARD C MORAN	11/13/2003	4/5/2010
2600	NANCY W POTTER	4/27/1993	4/5/2010
7399	DANIEL ROTHMAN CUST FOR	8/7/1997	4/5/2010
8629	B ROTHMAN & M ROTHMAN TTEE	4/28/1987	4/5/2010
8688	BARBARA J ROTHMAN	4/15/1986	4/5/2010
9848	DANIEL ROTHMAN	7/31/1991	4/5/2010
1547	DANIEL ROTHMAN CUST FOR	9/2/1999	4/5/2010
7441	CATHI HELAINE RUBIN	4/20/1987	4/5/2010
3309	JOAN FARLEO RUBIN	11/30/1994	4/5/2010
3311	JOAN FARLEO RUBIN	12/29/1994	4/5/2010
4158	STEPHEN A RUBIN CUST FOR	11/30/1994	4/5/2010
4182	JUDITH C RUBIN &	8/3/1999	4/5/2010
6382	STEPHEN A RUBIN CUST FOR	11/30/1994	4/5/2010
9431	STEPHEN A RUBIN	11/30/1994	4/5/2010

9438	STEPHEN A RUBIN &	11/30/1994	4/5/2010
9440	STEPHEN A RUBIN	12/29/1994	4/5/2010
1999	ROBERT H LOOMAN	12/1/2009	4/5/2010
4212	JOAN MAGEN	12/2/2009	4/5/2010
1926	RICHARD M SCHMERMAN	10/30/1985	3/12/2010
9589	TRACY ANNETTE ANTHONY	2/21/2006	4/5/2010
1196	JUDITH A LEVIN	4/30/2003	4/5/2010
0243	BETH L LOOMAN	12/5/2005	6/16/2009
5588	JUDITH A LEVIN	6/26/2003	4/5/2010
1460	DICK E WITTER	11/6/2008	4/5/2010
8890	JAMES ASHLEY SMITH &	2/9/2000	4/5/2010
8466	EVE MARIE VRLA IRREV TRUST INH	12/29/2009	4/5/2010
7633	JEAN LOU OSENBAUGH	11/6/2009	4/5/2010
7061	ANN V DRAGANICH	12/21/2009	4/5/2010
8422	SALLY STANLEY	2/1/1995	4/5/2010
8313	VIKI STEENHAUS	7/6/2000	4/5/2010
0817	NANCY JEAN ALBERT & STEPHEN F ALBERT TTEE	4/23/2001	3/18/2009
8993	CHRISTINE A STOSKOPF MD	11/1/1993	4/5/2010
6313	SCOTT F STOWE	8/19/1996	4/5/2010
6315	SCOTT F STOWE &	9/26/1996	4/5/2010
3705	LEVINE LIMITED PARTNERSHIP	8/27/2008	4/5/2010
4644	MONIS MARC ROSE	12/18/2004	4/5/2010
3913	VLASTIMIL VRLA	8/23/1993	11/5/2009
3916	MICHAEL CHRISTIAN VRLA	8/12/1998	4/5/2010
2482	STEPHEN PATRICK VRLA	11/13/2001	4/5/2010
6795	CHRISTINA MARIE KOETH CUST FOR	10/21/2004	4/5/2010
1175	ERIC JAMES HASPER	5/25/2006	4/5/2010
0150	GEOFFREY DANIEL VRLA	11/13/2001	1/21/2010
6616	MARK P VRLA INH IRA	12/20/2009	4/5/2010
5716	CYNTHIA LEE WEST	1/9/1998	4/5/2010
8695	JOE C LINDSAY	11/6/2008	4/5/2010
6247	MARY PARK YOUHANAIE	4/17/1998	4/5/2010
6196	ELIZABETH IRENE AIKEN	8/14/2008	4/5/2010

charles SCHWAB

211 Main St, San Francisco, CA 94105-1905
Tel (800) 435-4000

April 29, 2011

Phong (Paul) Huynh
Arizona Corporation Commission
Securities Division
1300 W Washington, 3rd Floor
Phoenix, AZ 85007

Re: Richard Mark Schmerman CRD #1302988

Dear Mr. Huynh,

This is in response to your request for information dated April 8, 2011, to Charles Schwab & Co., Inc. ("Schwab") for the above referenced matter. Included on the enclosed CD are the following:

1. Account opening documents and statements for account number ****-*926;

2. Please review "Associated Accounts" for the list of accounts that were in the name and/or control of Richard Schmerman during the period as referenced on your inquiry.

For reasons of business confidentiality, Schwab requests confidential treatment for the information contained in this letter and the documents provided pursuant to your request (the "Confidential Material"). The Confidential Material contains information concerning Schwab's business and is maintained in confidence by Schwab. Accordingly, the information and documents provided are submitted to you with our request that they will be kept in a non-public file and that only the State of Arizon staff will have access to them. Should you receive any request for these documents, Schwab requests that the undersigned immediately be notified of such request, and be furnished a copy of all written materials pertaining to such request. Our production of these documents is not intended to, and does not, waive any applicable privilege or other legal basis under which information may not be subject to production.

Should you require any additional information, please contact me at (415) 667-0734.

Thanks

Armando Torres
Senior Compliance Specialist
Compliance Department

Enclosures: CD

ACC007791
SCHMERMAN
FILE#8145

ACC007790
SCHMERMAN
FILE#8145

CONFIDENTIAL TREATMENT REQUESTED
by Charles Schwab & Co., Inc.

DIVERSIFIED FINANCIAL

5312 North 12th Street Suite 301 Phoenix, Arizona 85014
(602) 224-6040 (602) 957-4845 Fax (602) 266-5307

?

Richard M. Schmerman, CFP, ChFC
Registered Investment Advisor
Tax Planning and Portfolio Management

Mrs. Pat R. Olvey
[redacted]
[redacted] Arizona [redacted]

Dear Pat,

Enclosed are your 2005 income tax returns including the originals and duplicate copies of the following:

Form 1040:	U.S. Individual Income Tax Return
Form AZ-140:	Arizona Individual Income Tax Return

Please mail the returns to:

Internal Revenue Service Center
Fresno, CA 93888-0002

Arizona State Department of Revenue
P.O. Box 29205
Phoenix, Arizona 85038-9205

Please sign and date the original returns and the appropriate forms. Retain the duplicate copies with your tax records.

The returns were prepared from materials furnished to us and we have not audited the information. Please review before filing to ensure there are no omissions or misstatements of material facts.

Taxing agencies have the authority to request the documents supporting your returns. Therefore, you should retain your income tax returns and supporting documents for a minimum of three years. Please contact us immediately if you receive any correspondence from either the Federal or State Revenue Agencies regarding your tax returns.

We appreciate the opportunity to serve you. If you have any questions, please do not hesitate to contact us.

Sincerely,

Richard M. Schmerman

P.S. Try to send more later
Pat Olvey

ACC009269
SCHMERMAN
FILE#8145

Securities offered through
Mutual Service Corporation, A Registered Broker/Dealer
Member NASD/SIPC

EXHIBIT
S-23a
ADMITTED

Posting Date:	2006-02-28
Sequence #:	104140898788
Account #:	[redacted]8101
Routing Transit:	12210002
Amount #:	$100000.00
Check/Serial #:	000000006656
Bank #:	601
Tran Code:	006656
IRD:	0
ItemType:	P
BOFD:	000000000
Cost Center:	N/A
Teller Number:	N/A
Teller Seq Number:	N/A
Processing Date:	N/A

PAT R. OLVEY
[redacted]

91-2 1221 198 6656
05758101

DATE 2-27-06

Diversified Financial Inst Cost, $100,000.00
PAY TO THE ORDER OF
One Hundred Thousand no/xx DOLLARS

BANK ONE
JPMorgan Chase Bank, N.A.
Phoenix, Arizona 85073

0000038016 6501181 2

MEMO Purchase of Funds

Pat R. Olvey

⑆122100024⑆ [redacted]8101⑈6656 ⑈0010000000⑈

FOR DEPOSIT ONLY
DIVERSIFIED FINANCIAL

WFB NA TEMPE,AZ 02/28/2006
TR#1694PKT #013
>1221-0527-8<
6533966177

02282006
111901331
4140898788

ACC007789
SCHMERMAN
FILE#8145

Posting Date:	2006-09-12
Sequence #:	9340289680
Account #:	[redacted]8282
Routing Transit:	09200541
Amount #:	$42092.33
Check/Serial #:	000500195398
Bank #:	601
Tran Code:	000000
IRD:	0
ItemType:	P
BOFD:	111900057
Cost Center:	N/A
Teller Number:	N/A
Teller Seq Number:	N/A
Processing Date:	N/A

THIS DOCUMENT HAS AN ARTIFICIAL WATERMARK PRINTED ON THE BACK. THE FRONT OF THE DOCUMENT HAS A MICRO-PRINT BORDER. ABSENCE OF THESE FEATURES WILL INDICATE A COPY.

usbank
Five Star Service Guaranteed

OFFICIAL CHECK No. 500195398

93-541
920

DATE: SEPTEMBER 08, 2006

PAY FORTY TWO THOUSAND NINETY TWO DOLLARS AND 33 CENTS

$ 42,092.33

TO THE ORDER OF: PAT R. OLVEY TRUST

PURPOSE/REMITTER: RICHARD M SCHMERMAN

Location: 2572597

Issued by Travelers Express Company, Inc. P.O. Box 9476, Minneapolis, MN 55480
Drawer: First Interstate Bank Helena, MT

Stephanie Weed
AUTHORIZED SIGNATURE

⑈0500195398⑈ ⑆092005411⑆0[redacted]8282⑈

IF THIS INSTRUMENT IS DESIGNATED ON ITS FACE AS A MONEY ORDER THE FOLLOWING APPLIES:

LIMITED RECOURSE: This Money Order will not be paid if it has been forged, altered or stolen, and recourse is only against the person from whom the holder received the Money Order and against those liable to him, and against those effective recourse.

Payee's Endorsement

For information concerning this Money Order, contact MONEYGRAM PAYMENT SYSTEMS, INC.

PURCHASER'S AGREEMENT: You, the purchaser, agree to immediately complete this Money Order by filling in the front of the Money Order, signing it, and addressing it at the bottom. The terms of this Money Order bind you, your heirs, or others who receive this Money Order from you.

SERVICE CHARGE: If this Money Order is not used or cashed (presented for payment) within one year (twelve (12) months) of the purchase date, there will be non-refundable service charge where not prohibited by law. The service charge will be deducted from the amount of payment shown on the Money Order. The service charge is thirty cents (twenty-five cents in CA) per month from the date of purchase, but not more than $42.00 ($21 in CA).

RESTRICTIONS ON USE: The business or person selling this Money Order cannot use it to pay personal or business obligations.

911513166911

ACC009270
SCHMERMAN
FILE#8145

Posting Date:	2007-09-19
Sequence #:	9340062811
Account #:	[redacted]5402
Routing Transit:	12100024
Amount #:	$20353.33
Check/Serial #:	000631610086
Bank #:	601
Tran Code:	000000
IRD:	0
ItemType:	P
BOFD:	111900057
Cost Center:	N/A
Teller Number:	N/A
Teller Seq Number:	N/A
Processing Date:	N/A

PRINTED ON LINEMARK PAPER • HOLD TO LIGHT TO VIEW. FOR ADDITIONAL SECURITY FEATURES SEE BACK.

86316 / Office AU # — 11-24 / 1210(8)

CASHIER'S CHECK 0631610086

Operator I.D.: sz000299 sz000299

September 15, 2007

PAY TO THE ORDER OF ***PAT R. OLVEY TRUST***

Twenty thousand three hundred fifty-three dollars and 33 cents **$20,353.33**

WELLS FARGO BANK, N.A.
5033 N 7TH ST
PHOENIX, AZ 85014
FOR INQUIRIES CALL (480) 394-3122

VOID IF OVER US $ 20,353.33

AUTHORIZED SIGNATURE

Security Features Included. Details on Back.

⑈0631610086⑈ ⑆121000248⑆ [redacted]5402⑈

0005383441

ENDORSE HERE

DO NOT SIGN / WRITE / STAMP BELOW THIS LINE
FOR FINANCIAL INSTITUTION USE ONLY

911510125454

The following security features find others not listed) exceed industry standards:

Security Features
Security Screen
Linemark Paper
Microprint Border
Chemical Sensitivity
Heat Sensitive Ink
Padlock Icon

Document appearance if altered
• Alterations, modification of original
• Document erasure on back of check
• Alterations visible when held to light
• Alterations visible when held to light
• Chemical alteration of check
• Correct state's on whole appears with chemical alteration
• Vis. Warrant one on face of check docs
• No change copy warnings recognized by US Banking
Prohibit Image is a certification mark of Check Payment Systems Association

ACC009271
SCHMERMAN
FILE#8145

EXHIBIT
S-23b
ADMITTED

COPY FOR YOUR RECORDS

Schwab INSTITUTIONAL

Certification of Trustee
(Trust Accounts Only)

Note: This section to be filled out by Investment Manager.

Investment Manager ("IM") Firm Name *(please print)* DIVERSIFIED FINANCIAL

IM Master Account Number [redacted]1806 ___ ___ – ___ ___ ___ ___ ISG Team Four Corners / Heartland

Note: All names and terms that are not specifically defined in this form have the same meanings as in the Account Application ("Application"). In addition, all terms and conditions specified in the Application apply to this form. When completed, signed and accepted by Schwab, this form will be part of the Application.

1. Signature and Document Requirements

Please read this section to identify the signature notarization and/or document requirements needed to establish your Trust Account.

(1) All Living Trust Account Applications and changes in Trustees and/or Trustee Powers for existing or new Living Trust Accounts must be either: (a) *notarized* OR (b) if not notarized, accompanied by photocopies of the following pages from the Trust document: title page(s) containing the name and date of the Trust, the Trustor(s) and the Trustee(s); pages setting forth Trustees' investment powers identified in Section 3; and signature page(s).

Exception: Revocable Living Trust Account Applications, where the Trustor(s), Trustee(s) and current Beneficiary(ies) are all the same individual(s) do not require (a) or (b) above, but all Trustees must complete this Application and sign Section 4.

(2) All Testamentary Trust Account Applications must be either: (a) *notarized* OR (b) if not notarized, accompanied by photocopies of the following pages from a certified copy of the Decree of Final Distribution (or other Court Order establishing the Trust): title page(s), containing the name of the Testator, the Court and matter number; page(s) appointing Trustee(s); pages setting forth Trustees' investment powers identified in Section 3; and signature page(s) showing date, judge's signature and clerk's certification.

(3) All Business Trust Account Applications must be signed, notarized and accompanied by photocopies of the complete Trust document.

(4) Foreign Trust Accounts may only be opened if the Trustor is a non-U.S. person (non-citizen or non-resident). Foreign Trust Account Applications must be signed, notarized and accompanied by photocopies of the pages in the Trust document authorizing Trustees' powers identified in Section 3. If you are unable to obtain notarization, please provide photocopies of the following pages from the Trust document: title page(s) containing the name and date of the Trust, the Trustor(s) and the Trustee(s); pages setting forth Trustees' investment powers identified in Section 3; and signature page(s).

All Trustees who will conduct business in the Schwab account will also be required to sign this Application and other account documentation. Although the Trust documentation may allow a Trustee to act individually, independently and without the consent of the other Co-Trustee(s) for all purposes related to the Trust Account, certain Schwab policies may require that the approval of all Co-Trustees be obtained.

2. Trust Information *(For information about Schwab's Privacy Pledge, see Section 4.)*

TYPE OF TRUST *(Select only one.)*

☒ Revocable Living Trust where the Trustor(s), Trustee(s) and current Beneficiary(ies) are all the same individual(s) (*Notarization not required.*)

○ Other Revocable Living Trust ○ Irrevocable Living Trust ○ Testamentary Trust

○ Business Trust ○ Foreign Trust *(non-U.S. Trustors only)* ○ Other *(Please indicate:)* ___

THE PAT R. OLVEY TRUST — Trust Name *(Decedent's name if a Testamentary Trust)*

4/25/03 — Date of Trust

[redacted] — Trust Tax ID Number *(If Revocable Living Trust, use Trustor's Social Security Number)*

PAT R. OLVEY — By Whom Is It Revocable and Amendable?

PAT R. OLVEY — Trustee/Grantor/Settlor Name

ARIZONA — This Trust is Governed by the Laws of the State of

☒ U.S. ○ Other *(Please specify:)* — Trustee/Grantor/Settlor Country of Citizenship

☒ U.S. ○ Other *(Please specify:)* None — Trustor/Grantor/Settlor Country of Legal Residence

Please list all Trustee(s) that will act on behalf of the Trust. For more than four Trustees, attach the Schwab Institutional Account Application Addendum.

TRUSTEE

PAT — First Name | R. — Middle | OLVEY — Last | [redacted] — Social Security/Tax ID Number

List any securities firm, bank, trust company or insurance company in which the Trustee is an employee, director or owner.

List all publicly traded companies in which the Trustee is a director, 10% shareholder or policy-making officer.

ACC009655
SCHMERMAN
FILE#6145

(Please turn to page 2.)

For Charles Schwab Use Only Account Number ___ ___ ___ ___ – ___ ___ ___ ___ Date ___ ___/___ ___/___ ___ (Month Day Year)

Print Name of Approver ___ Signature ___

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2. Trust Information *(Continued from previous page)*

CO-TRUSTEE *(if applicable)*

First Name | Middle | Last | Social Security/Tax ID Number

List any securities firm, bank, trust company or insurance company in which the Co-Trustee is an employee, director or owner.

List all publicly traded companies in which the Co-Trustee is a director, 10% shareholder or policy-making officer.

CO-TRUSTEE *(if applicable)*

First Name | Middle | Last | Social Security/Tax ID Number

List any securities firm, bank, trust company or insurance company in which the Co-Trustee is an employee, director or owner.

List all publicly traded companies in which the Co-Trustee is a director, 10% shareholder or policy-making officer.

CO-TRUSTEE *(if applicable)*

First Name | Middle | Last | Social Security/Tax ID Number

List any securities firm, bank, trust company or insurance company in which the Co-Trustee is an employee, director or owner.

List all publicly traded companies in which the Co-Trustee is a director, 10% shareholder or policy-making officer.

Only if the Trust Beneficiaries are to be listed in the account registration, please list them here:

Trust Beneficiary | Additional Trust Beneficiary

Has the original Trust Agreement been amended or restated? ○ Yes ○ No

Date(s) of Amendment(s)/Date(s) of Restatement(s)

3. Powers of the Trustees

(a) By signing the Certification contained in Section 4, the Trustees hereby certify that Schwab is authorized to follow the instructions of any Trustee and to deliver funds, securities or any other assets in the brokerage account to any Trustee or on any Trustee's instructions, because either (1) the Trust Agreement expressly provides that each Trustee is authorized to act individually, independently and without the consent of the other Trustees for all purposes related to the Trust brokerage account with Schwab, or (2) if the Trust Agreement does not contain such an express provision, the Trustee so acting has obtained the requisite consent of the other Trustees in accordance with the requirements of the Trust Agreement. Please print the names of ALL Trustees listed in the Trust Agreement here.

Pat R. Olvey

Name of Trustee

Name of Co-Trustee

Name of Co-Trustee

Name of Co-Trustee

(b) By indicating "yes" below, the undersigned Trustees hereby certify that either the Trust Agreement or applicable law grants the Trustee(s) the power to delegate to others (such as a financial advisor) the authority to give trading instructions with respect to the Trust's brokerage account with Charles Schwab & Co., Inc.

☒ Yes ○ No

(c) The undersigned Trustees certify that they have the power under the Trust Agreement to enter into transactions for the purchase and sale of securities and other investments, including, without limitation, stocks (preferred or common), bonds, mutual funds and certificates of deposit.

In addition to the foregoing powers, by indicating "yes" where applicable below, the Trustees hereby certify that the Trust Agreement also specifically authorizes the Trustees:

(i) to maintain a Margin and Short Account and through such account to purchase securities on margin, sell securities that the Trust does not own (i.e., short sales) and to borrow securities in connection therewith, to borrow money, to secure the performance of the Trust's obligations to the Accounts and to grant authority to the brokerage firm, acting as principal or otherwise, to pledge, repledge, hypothecate or rehypothecate assets of the Trust.

○ Yes ☒ No

(ii) to trade in all types of options, including, without limitation, the purchase of puts and calls and the writing (sale) of covered and uncovered puts and calls.

○ Yes ☒ No

Certain financial and experiential requirements must be met to trade options through Schwab and a separate Option Application must be completed.

(Please turn to page 3.)

ACC009656
SCHMERMAN
FILE#8145

For Charles Schwab Use Only Account Number ___ ___ ___ ___ - ___ ___ ___ ___

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4. Certification, Trust Indemnity and Agreement *(All Trustees listed in the Trust document must complete.)*

In consideration of Charles Schwab & Co., Inc. ("Schwab") opening and/or maintaining a brokerage account for the Trust named above (the "Trust"), the undersigned Trustees of the Trust represent, warrant and certify that the representations made herein are true, complete and accurate, that the undersigned Trustees are all of the Trustees of the Trust, that the Trust is in full force and effect and that the Trust Agreement (as defined above) has not been revoked, modified or amended in any manner which would cause the representations contained in this Certification to be inaccurate or incorrect.

If there is more than one Trustee, and no one Trustee has authority, acting individually and without notice to any other Trustee, to deal with Schwab independently, Schwab is authorized to follow the instructions of any of the Trustees listed in subsection (a) of Section 3 of this Account Application and to deliver funds, securities or other assets in the brokerage account to any Trustee or on any Trustee's instructions on the presumption that the Trustee so acting has obtained the requisite consent of the other Trustees in accordance with the Trust Agreement. It is the responsibility of the designated Trustee(s) to consult with all other Trustees before giving Schwab any instructions regarding the account. Schwab is not responsible for determining the purpose or propriety of any instructions received from any Trustee or for the disposition of payments or deliveries among Trustees. Any notice sent to one Trustee shall constitute notice to all Trustees.

Schwab will rely on this Certification and upon the representations made herein unless and until it receives written notice of changed Trustee(s) or written notice of any events affecting the Trustee's powers described above. The undersigned Trustees agree to send written notice promptly to Schwab of any change in Trustees, of any amendment or modification to the Trust Agreement that would cause the representations contained in this Certification to be or become inaccurate or incorrect or of the occurrence of any event that would affect the Trust's revocability, the Trustee's powers or any representations made in this Certification.

Schwab respects your privacy. Schwab will use the information you provide, among other things, to open and service your account, to communicate with you when necessary, to provide you with additional information about products and services, and to provide your IM and his/her designees with information as provided in this Certification. Please call Schwab at 1-800-515-2157 for a copy of Schwab's Privacy Pledge.

The undersigned Trustees hereby jointly and severally indemnify Schwab and each of its officers, directors, employees and agents from, and hold such persons harmless against, any claims, judgments, surcharges, settlement amounts or other liabilities or costs of defense or settlement (including attorneys' fees) arising out of or related to any actual or alleged improper or unsuitable actions taken at such Trustee's instructions in connection with the brokerage account established at Schwab for the Trust. This indemnification is made by the undersigned Trustees both in their capacities as Trustees and in their individual capacities, and shall not be limited by the Trustees' provision to Schwab of independent documentation concerning the representations made herein.

The representations and obligations stated herein shall survive termination of the Trust Agreement and the Account Agreement relating to the Trust's brokerage account.

All Trustees listed in Section 3 must sign here.

▶ X Pat R. Olvey — Date 06 25 03
Trustee's Signature — Month Day Year

▶ X — Date ___ ___ ___
Co-Trustee's Signature — Month Day Year

▶ X — Date ___ ___ ___
Co-Trustee's Signature — Month Day Year

▶ X — Date ___ ___ ___
Co-Trustee's Signature — Month Day Year

State of Arizona County of Maricopa
On 6/25/03 before me, Peter Van Camp (here insert name and title of the notarizing officer), personally appeared Pat R. Olvey personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.
WITNESS my hand and official seal.
*Notaries outside of California should attach the appropriate notarizing declaration in lieu of the above.

(SIGNATURE AND SEAL OF NOTARY)

OFFICIAL SEAL
PETER VAN CAMP
Notary Public - State of Arizona
MARICOPA COUNTY
My Commission Expires Aug. 14, 2006

ACC009657
SCHMERMAN
FILE#8145

For Charles Schwab Use Only Account Number ___ ___ ___ ___ - ___ ___ ___ ___

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35

ACC009658
SCHMERMAN
FILE#8145

COPY FOR YOUR RECORDS

Schwab INSTITUTIONAL

Schwab MoneyLink® Electronic Funds Transfer Authorization Form

Investment Manager "IM" Information (This portion to be completed by IM.)

IM Firm Name *(please print)* DIVERSIFIED FINANCIAL

IM Master Account Number [redacted]1806 ISG Team Four Corners

By enrolling in Schwab MoneyLink, you are establishing a standing authorization to request electronic funds transfers between your Schwab accounts and your accounts at other financial institutions. Transfers are subject to the restrictions and provisions on this authorization form and to the Electronic Funds Transfer Terms and Conditions. Please allow three weeks after Schwab receives this form before requesting your first transfer. Generally, two business days are required to complete a transfer.

1. Schwab Account Information *(For information about Schwab's privacy policy, see Section 6.)*

Please select all that apply: ☒ Implement New Instructions ○ Implement Additional Instructions ○ Change Existing Instructions ○ Terminate Existing Instructions

Schwab Account Number: [redacted]-0312

Pat R. Olney

Name(s) on Schwab Account *(List all names on the account.)*

2. Recurring Transfers *(optional)*

Complete this section to set up recurring transfers in addition to on-request transfers between the accounts shown above.

Choose one: ○ Into my Schwab account ☒ Out of my Schwab account

Transfer amount $ 150

Please select one and indicate start date. (Start date must be at least three weeks from the day this form is received by Schwab.)

☒ Monthly Beginning 05/25/2003 ○ Semimonthly: 1st Transfer Date _____ 2nd Transfer Date _____

○ Quarterly Beginning _____ ○ Last Business Day of Each Month Beginning _____

○ Annually Beginning _____ ○ Every _____ Calendar Days (3 to 364) Beginning _____

3. IRA Contributions

MoneyLink is not available for SEP-IRA, SIMPLE IRA, or Qualified Retirement Plan (QRP) accounts.

Recurring contribution will begin for the tax year _____

Your Annual Contribution Limit *(up to the maximum amount allowed by law)* $ _____

Schwab will automatically discontinue deposits into your Schwab IRA for a given contribution year when you reach this annual contribution limit. If you do not specify a limit, we will automatically establish your limit up to the maximum amount allowed by law. Your transfer schedule will be reactivated in January of the next contribution year. For IRA distributions, please use the Schwab Institutional® IRA Distribution Form.

4. Important Security Information

Maximum Amount Authorized per Transfer $ _____ *(Please specify an amount up to $100,000. If you do not specify an amount, Schwab will set a default limit of $100,000.)*

5. Authorization *(This authorization is optional. Please initial if you want to send this authorization to IM to initiate transfers to account of unlike registration, if applicable.)*

Note: This authorization may be revoked by providing notice to Schwab. If more than one person is listed on the account, each account holder must initial the authorization granted below. (An X is not sufficient.)

P.R.O. — Acct. Holder/Trustee/Custodian/Executor

_____ — Add'l Account Holder/Co-Trustee/Co-Executor

Standing Authorization. I authorize Schwab to transfer funds from this Schwab account to the bank account named on this MoneyLink form at the direction of my IM. I have previously granted my IM disbursement authority on this Schwab account. I hereby acknowledge that this authority is effective regardless of any differences in registration between these two accounts.

6. Terms and Conditions

By signing Section 8, I agree that:

I authorize the transfer of funds between my Schwab account and my account at the bank or other financial institution designated above as provided in this Agreement and in the Terms and Conditions for the Service, which will be sent to me when this Agreement is processed. This Agreement, and the Terms and Conditions, will govern all transactions initiated under the Service, and my use of such Service will confirm that I have received, reviewed, and agreed to be bound by the Terms and Conditions, including, without limit, any amendments, until I cancel the Service as described in the Terms and Conditions.

Please note that your Account Agreement with Schwab contains a pre-dispute arbitration agreement. Contact us for a copy.

If I have not initialed Section 5 above, but I have given my IM disbursement authorization, my IM may initiate instructions for MoneyLink transactions to the account named above, provided that I am the owner of the account and provided that the account has like registration with the Schwab account from which transfers are to be made. If I have initialed Section 5 above, and if I have given my IM disbursement authorization, my IM may initiate instructions for

(Continued on next page.)

ACC009659
SCHMERMAN
FILE#6145

_____ Date _____ (mm/dd/yy)

For Charles Schwab Use Only Account Number ___

Print Name of Approver _____ Signature _____

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6. Terms and Conditions *(continued)*

MoneyLink transactions to the account named above even if the account registration is different from that of the Schwab account from which transfers are to be made. This authorization does not grant my IM the ability to authorize transfers into my account. If I have not previously granted my IM disbursement authorization and wish to do so, I will use the Schwab Institutional® LPOA form. I understand that this will authorize my IM to make disbursements from my account as described in my authorization whether or not they are MoneyLink transactions.

For account holders with more than one account at Schwab: This authorization further authorizes Schwab to direct transfers upon request between my accounts at Schwab when no written authorization is required.

If this is a Custodial account, I acknowledge and agree that any funds or securities transferred out of the account, and into the account of the custodian or Other Account, shall be used or applied solely for the benefit of the minor.

Schwab may require that I provide appropriate documents to set up MoneyLink or any other electronic funds transfer service on corporate or organization accounts.

Please note that certain account types may require customer service assistance to initiate one-time transfer requests.

Schwab's Privacy Policy and Disclosure of Information. Schwab respects your privacy. Schwab will use the information you provide to open and service your account, to communicate with you when necessary, to provide you with additional information about products and services and to provide to your IM, and certain third parties as your IM directs Schwab, information as provided in this form. Pursuant to your Account Agreement, Schwab may disclose information about you and your account to certain other third parties. Please call Schwab at 1-800-515-2157 for a copy of Schwab's privacy policy.

7. Non-Schwab Account: Account Holder(s) Authorization Release

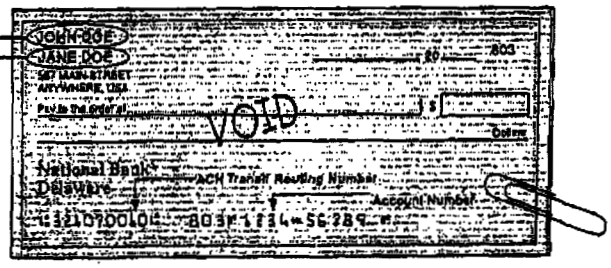
A. ACH Authorization for Bank/Other Financial Institution Account Holders *(Sign below.)*

I/We authorize Charles Schwab & Co., Inc. ("Schwab") (i) to initiate credit entries to my (our) account indicated below (the "Other Account") at the financial institution named below and to credit that account, (ii) to initiate debit entries to the Other Account and to debit that account, and (iii) to initiate reversals to the Other Account of erroneous or duplicate credit or debit entries and to credit or debit such account as appropriate. This authorization will remain in full force and effect until Schwab has received written notification from me (or either of us) of its termination. Schwab must receive this notification in a time and manner so as to give Schwab and the other financial institution a reasonable opportunity to act on it.

B. Bank/Financial Institution Information

This is a: ☒ Personal Checking Account ○ Corporate/Organization Checking Account*
○ Personal Savings Account ○ Corporate/Organization Savings Account*

C. Attach a Preprinted, Cancelled, or Voided Check Here *(Required)*. Originals Only, No Photocopies.



Other acceptable documentation for accounts without checks:

- Preprinted deposit slips for savings account
- A letter from your financial institution, signed by an officer, which includes account title, account number, account type and ABA Transit Routing Number

D. All Registered Owners on the Bank/Other Financial Institution Account Must Sign Below.[1]

Name of Bank or Financial Institution _____ Account Number _____

Signature: Primary Account Holder Pat R Olvey Date 4-25-03 (mm/dd/yy)

Print Name Pat R. Olvey

Signature: Other Account Holder _____ Date _____ (mm/dd/yy)

Print Name _____

This authorization may be terminated by any of the parties at any time by writing to Charles Schwab & Co., Inc., MoneyLink Support Services, 101 Montgomery Street, San Francisco, CA 94104, or by calling Schwab.

*MoneyLink cannot be used to link a personal account to a corporate or organizational account. MoneyLink can be used to link two corporate accounts or two organizational accounts as long as both accounts are registered to the same corporation or organization and the same people have signing authority on both accounts.

[1]If there are more than two people on the non-Schwab account, you must use an additional Schwab MoneyLink® form.

8. Account Holder Signature(s) Required *(All Schwab account holders must sign below.)*

Signature: Account Holder/Trustee/Custodian/Executor Pat R Olvey Date 4-25-03 (mm/dd/yy)

ACC009660
SCHMERMAN
FILE#8145

Signature: Additional Account Holder/Co-Trustee/Co-Executor _____ Date _____ (mm/dd/yy)

Once you have been enrolled in MoneyLink, you will receive a confirmation letter with Schwab MoneyLink Terms and Conditions. If you do not receive this information within three weeks, please contact your Investment Manager.

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PAT R. OLVEY
[redacted]
[redacted] AZ [redacted]

91-2 198
1221
05756101

5362

DATE

$

PAY TO THE ORDER OF

Void

DOLLARS

BANK ONE. PremierOne.

Bank One, NA
Phoenix, Arizona 85075
www.BankOne.com

Pat R. Olvey

MEMO

⑆122100024⑆ [redacted] 810 ⑈5362

ACC009661
SCHMERMAN
FILE#6145

Schwab
INSTITUTIONAL

AUGUST 31, 2001

PLEASE VERIFY THAT ALL THE INFORMATION CONCERNING YOUR NEW ACCOUNT IS CORRECT. IF THERE IS ANY MISSING OR INCORRECT INFORMATION, PLEASE CONTACT US IMMEDIATELY.

YOUR SCHWAB ACCOUNT NUMBER: BP [redacted]-0312

PAT R OLVEY
[redacted]
[redacted] AZ [redacted]

HOME PHONE: [redacted]
BUSINESS PHONE: PLEASE PROVIDE

SSN/TAX I.D. NUMBER: [redacted]

Statements and trade confirmations will be mailed to the above address.

Your Financial Advisor:
DIVERSIFIED FINANCIAL
FA MASTER ACCOUNT
5312 N 12TH ST STE 301
PHOENIX AZ 85014

Type(s) of account you have: Cash Only

When you trade in your Cash Account:
On Purchases we will hold securities in safekeeping for your account.
On Sales we will place funds of $1 or more in your money market fund.
Dividends and Interest will be credited to your account and held.

The money market account you selected is the Schwab Us Treasury Fund.

A cash balance of $1,000 activates your money market fund. Subsequently, free cash balances of $1 or more will automatically be swept daily into the fund to earn interest.

A duplicate confirmation will be mailed to: DIVERSIFIED FINANCIAL
5312 N 12TH ST STE 301
PHOENIX, AZ 85014

ACC009662
SCHMERMAN
FILE#8145

PLEASE SAVE FOR FUTURE REFERENCE

Schwab Institutional is a division of Charles Schwab & Co., Inc. ("Schwab"). Member SIPC/NYSE. CFS21400A

DIVERSIFIED FINANCIAL

5312 North 12th Street Suite 301 Phoenix, Arizona 85014
(602) 224-6040 (602) 957-4845 Fax (602) 266-5307

Richard M. Schmerman, CFP, ChFC
Registered Investment Advisor
Tax Planning and Portfolio Management

February 5, 2002

Mrs. Pat R. Olvey
[redacted]
[redacted] Arizona [redacted]

Dear Pat,

This letter is to confirm our understanding of the terms, objectives, and limitations of the Financial Engagement to be provided to Pat R. Olvey.

The service we will provide will include the following:

1. Develop any investment planning strategies that may be appropriate for your own individual situation.

2. Help you identify your financial goals and objectives. By organizing your financial portfolio, this may help you achieve your goals in light of your constraints.

3. Review and manage your new investment portfolio.

The advice of Diversified Financial is based on your projections of future income and expenditures, interpretations of existing tax laws, and estimates of investment performance, inflation rates, and retirement benefits. Changes in your personal circumstances, the tax laws, the investment environment, Social Security Benefits, and similar unforeseeable events could modify the advice and recommendations contained herein.

Our firm will conduct periodic reviews to make sure that you are progressing towards the attainment of your financial goals and objectives. Recommendations regarding tax planning strategies or investment alternatives are presented only as guidelines and should not be viewed as an endorsement of a specified product.

Our annual fee for these services will be 1.50% of your investment management account to be determined on or approximately the dates of March 31, June 30, September 30, and December 31.

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FILE#6145

Securities offered through
Mutual Service Corporation, A Registered Broker/Dealer
Member NASD/SIPC

Upon the presentation of an invoice from Diversified Financial, your account with Charles Schwab Institutional will be charged to the extent of available funds for the amount of investment management fees invoiced. These funds shall be directly paid to Diversified Financial.

Diversified Financial agrees to provide true and accurate invoices owed by Pat R. Olvey to Charles Schwab Institutional. We also agree to provide any legal documents required or investment management statements as requested by Pat R. Olvey.

We are pleased to have the opportunity to assist you in formulating your financial portfolio and in helping to meet your financial objectives.

Sincerely,

Richard M. Schmerman
Diversified Financial

* _____
Pat R. Olvey

* _____
Date

*charles*SCHWAB

July 1, 2010

211 Main St, San Francisco, CA 94105-1905
Tel (800) 435-4000

Peggy Scozzari
Special Investigator
Arizona Corporation Commission
1300 West Washington, Third Floor
Phoenix, AZ 85007

Re: Richard Mark Schmerman CRD# 1302988

Dear Ms. Scozzari:

This letter is in response to your request for information dated June 15, 2010 to Charles Schwab & Co., Inc. ("Schwab"), for the above referenced matter. Pursuant to your inquiry, we are providing you with the documents and responses listed below for account no. ****-*196, in the name of Elizabeth Irene Aiken (the "Account").

1. New account documentation for the Account is enclosed;

2. The Account was opened in August 2008. However, since it was not funded and there was no activity, there were no statements generated for this Account.

For reasons of business confidentiality, Schwab requests confidential treatment for the information contained in this letter/email and the documents provided pursuant to your request (the "Confidential Material"). The Confidential Material contains information concerning Schwab's business and is maintained in confidence by Schwab. Accordingly, the information and documents provided are submitted to you with our request that they will be kept in a non-public file and that only the Arizona Securities Division staff will have access to them. Should you receive a request for the Confidential Material, please notify Schwab immediately, and furnish the Firm with a copy of the request as well as all documents pertaining to the request. Our production of these documents is not intended to, and does not, waive any applicable privilege or other legal basis under which information may not be subject to production.

Should you require any additional information, please contact me at (415) 667-0890.

Sincerely,

Philip Ho
Compliance Manager
Compliance Department

Enclosures

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FILE#8145

EXHIBIT
S-24 a
ADMITTED

charles SCHWAB
INSTITUTIONAL

Schwab One® Account Application
for Personal Accounts

Investment Advisor ("IA") Information (this portion to be completed by IA)

IA Firm Name (please print)
DIVERSIFIED FINANCIAL

IA Master Account Number
[redacted]806

Service Team
National Service

Is your firm (or a principal, employee or related person* of your firm) an owner, executor, guardian, conservator or custodian of this account?

○ Yes ○ No

If "Yes," and this is an Estate, Guardianship, Conservatorship or Custodial account, please also submit a completed Investment Advisor Account Supplemental Information Form.

*A "related person" is defined as any advisory affiliate or any person that is under common control with your firm. See Form ADV for additional information.

1 MARGIN FEATURE

Margin Feature will NOT be automatically added, unless you check below.

○ Add Margin Feature to my account

2 REGISTRATION Select only one.

● Individual
○ Joint Tenants with Rights of Survivorship
○ Tenants in Common
○ Estate[2]
○ Tenants by the Entirety[1]
○ Community Property[1]
○ Community Property with Rights of Survivorship[1]
○ Conservatorship[2]
○ Guardianship[2]
○ Custodial (Section 10, optional)

Under Laws of (State)

Age of Termination

Name of the Estate	Tax ID Number of the Estate	Decedent's Social Security Number	
Decedent's First Name	**Middle**	**Last**	**Suffix**

[1]This type of registration may not be available in your state.
[2]Additional documents are required to open these accounts.

Non-Deposit Investment Products: Not FDIC-Insured · No Bank Guarantee · May Lose Value

For Charles Schwab Use Only Account Number _____

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EXHIBIT
S-24b
ADMITTED

[redacted] **ACCOUNT HOLDER INFORMATION** As required by federal law, Schwab will use the information provided below to verify your identity. For information about Schwab's privacy policy, please refer to the attached Account Application Agreement.

Account Holder/Minor/Ward/Executor

First Name	Middle	Last	Suffix
Elizabeth	Irene	Aiken	MS

Are you known by another name? (specify)

Email Address: Elizabeth.Aiken@[redacted]

Home Street Address (no P.O. boxes, please): [redacted]

City: [redacted] State: AZ Zip Code: [redacted] Home Telephone Number: [redacted]

Mailing Address (if different from above; P.O. boxes may be used)
Mailing Street Address (U.S. or Non-U.S.)

U.S. Address Only
City | State | Zip Code

Non-U.S. Address Only
City, Postal Code, Other | Country

Date of Birth (mm/dd/yyyy): [redacted] Social Security/Tax ID Number: [redacted] Country of Legal Residence: ● USA ○ Other

Country(ies) of Citizenship (must list all; if not a U.S. citizen, please complete identification information below): ● USA ○ Other ○ Other

Identification Type (complete only if not a U.S. citizen): ○ Passport ● U.S. Driver's License ○ U.S. Gov't Issued ID | Identification Number: [redacted]

Place of Issuance: Arizona | Issue Date: 9/4/03 | Expiration Date: 9/5/2026

Employment Status: ● Employed ○ Retired ○ Self-Employed ○ Non-Employed | Occupation/Position

Employer Name/Industry (if self-employed, indicate nature of business): Planned Parenthood of Arizona

Business Address (no P.O. boxes, please)
Business Street Address (U.S. or Non-U.S.): 5651 N. 7th Street

U.S. Address Only
City: Phoenix | State: AZ | Zip Code: 85018 | U.S. Business Telephone Number: (602) 263-4214

Non-U.S. Address Only
City, Postal Code, Other | Country | Non-U.S. Business Telephone Number (country code) (number)

I am employed by, affiliated with, or am either a director or owner of one or more securities firms. ○ Yes* ● No | If yes, list company name.

I am a director, 10% shareholder or policy-making officer of one or more publicly traded companies. ○ Yes ● No | If yes, list company symbol(s) (e.g., SCHW).

*Attach a written consent from your employer if employed by a securities firm.

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3 ACCOUNT HOLDER INFORMATION (Continued)

Additional Account Holder/Custodian/Conservator/Guardian/Co-Executor

First Name	Middle	Last	Suffix

Are you known by another name? (specify)	Email Address

Home Street Address (no P.O. boxes, please)		

City	State	Zip Code	Home Telephone Number
			( )

Date of Birth (mm/dd/yyyy)	Social Security/Tax ID Number	Country of Legal Residence
		◯ USA ◯ Other

Country(ies) of Citizenship (must list all; if not a U.S. citizen, please complete identification information below)	
◯ USA ◯ Other	◯ Other

Identification Type (complete only if not a U.S. citizen)	Identification Number
◯ Passport ◯ U.S. Driver's License ◯ U.S. Gov't Issued ID	

Place of Issuance	Issue Date	Expiration Date

Employment Status	Occupation/Position
◯ Employed ◯ Retired ◯ Self-Employed ◯ Non-Employed	

Employer Name/Industry (if self-employed, indicate nature of business)

Business Address (no P.O. boxes, please) Business Street Address (U.S. or Non-U.S.)		

U.S. Address Only City	State	Zip Code	U.S. Business Telephone Number
			( )

Non-U.S. Address Only City, Postal Code, Other	Country	Non-U.S. Business Telephone Number (country code) (number)

I am employed by, affiliated with, or am either a director or owner of one or more securities firms.	If yes, list company name.	I am a director, 10% shareholder or policy-making officer of one or more publicly traded companies.	If yes, list company symbol(s) (e.g., SCHW).
◯ Yes* ◯ No		◯ Yes ◯ No	

*Attach a written consent from your employer if employed by a securities firm.

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FILE#8145

4 CHOOSE YOUR CASH FEATURE

Please select below one eligible Cash Feature that may allow you to earn income on the free credit balances in your brokerage account (each, a "Cash Feature"). Eligibility for each Cash Feature is indicated below. For additional information on the eligibility rules for, and important disclosures about, the various alternatives to earn income on your cash, please see Schwab's Cash Feature disclosure statement. If you do not select a Cash Feature, select *more than one Cash Feature, or select a Cash Feature for which you are not eligible, you instruct Schwab to designate the Bank Sweep Feature as the* Cash Feature for your account. Schwab may make this designation without providing any advance notice to you.

Select only one of the following:	Available to:
● Bank Sweep Feature[1]	Individuals Only[2]
○ Schwab One® Interest Feature[3]	All Clients
○ Schwab Municipal Money Fund - Sweep Shares™ (SWXXX)	All Clients
○ Schwab AMT Tax-Free Money Fund™ - Sweep Shares (SWFXX)	All Clients
○ Schwab State-Specific (CA-SWCXX, MA-SWDXX, NJ-SWJXX, NY-SWNXX, PA-SWEXX) Municipal Money Fund - Sweep Shares Indicate State _____ (default is state of domicile on account)	All Clients
○ Schwab Government Money Fund™ (SWGXX)	Clients with Household Balance[4] > $100,000
○ Schwab U.S. Treasury Money Fund™ (SWUXX)	Clients with Household Balance > $100,000
○ Schwab Advisor Cash Reserves® - Sweep Shares (SWQXX)	Clients with Household Balance > $500,000
○ Schwab Advisor Cash Reserves - Premier Sweep Shares (SWZXX)	Clients with Household Balance > $1,000,000

[1]The Bank Sweep Feature automatically makes deposits to and withdrawals from deposit accounts held at Charles Schwab Bank, an FDIC-insured depository institution affiliated with Schwab. Please see Schwab's Cash Feature disclosure statement for more information about FDIC insurance. We recommend that you assume that coverage of deposit accounts established under the Bank Deposit Feature will be limited to FDIC insurance and that you not expect coverage from SIPC.

[2]The Bank Sweep Feature is available only to individuals.

[3]The Schwab One Interest feature allows you to receive interest from Schwab on the free credit balances in your brokerage account. Credit balances held at Schwab ARE NOT FDIC-INSURED AND ARE NOT BANK-GUARANTEED. The Schwab One Interest feature is currently not available for a brokerage account linked to a Schwab Bank Investor Checking™ Account.

[4]Your Household Balance includes all of your accounts at Schwab that have been linked in accordance with Schwab's householding guidelines.

If you select a Sweep Money Fund, your selection is considered a request for a prospectus. It is an indication of interest only, and you are not obligated to buy any shares. Please read the prospectus carefully. Although money funds seek to preserve the value of your investments at $1 per share, it is possible to lose money. Money funds ARE NOT FDIC-INSURED, MAY LOSE VALUE AND ARE NOT BANK-GUARANTEED.

Municipal money funds are designed for taxpayers who are seeking income that is exempt from federal income tax. Each of the state-specific funds generally provides income that is exempt from that respective state's personal income tax as well. With the exception of the Schwab AMT Tax-Free *Money Fund, a portion of each of these funds' income may be subject to the federal alternative minimum tax (AMT). These funds are not appropriate for* inclusion in an IRA or other retirement account or for any investor with tax-exempt status.

5 ELECTRONIC DELIVERY (eDelivery) ENROLLMENT

Schwab Institutional offers electronic delivery of your account statements and trade confirmations. Once enrolled, you will receive notifications via email that your statements and confirmations are available via Schwab's secure Web site, schwaballiance.com. Enrolling in eDelivery may also qualify you for lower online equity trades. Please consult with your Investment Advisor and/or the *Charles Schwab Institutional® Pricing Guide* for more pricing details.

To begin enrollment in eDelivery, provide your email address below and Schwab Institutional will send you an email providing instructions on how to *complete your enrollment and electronically consent to eDelivery via schwaballiance.com.*

Email Address

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FILE#8145

6 CHECKING PREFERENCES

Please select one of the following:

A. ◯ **Schwab One® Brokerage Checks and Visa® Platinum Check Cards** Complete ONLY if you have NOT applied for Schwab Bank Investor Checking™.

Checking. If you would like to order personal checks, indicate how the name(s) and address should read.

Account Holder	Additional Account Holder

Checking Address (no P.O. boxes, please) Street Address (U.S. or Non-U.S.)		

U.S. Address Only City	State	Zip Code

Non-U.S. Address Only City, Postal Code, Other	Country

Special Information (if any)

Visa. If you would like to order a Visa Platinum check card, indicate the names that should appear on the card. Visa Platinum check card privileges are not available for Custodial, Estate, Conservatorship or Guardianship Accounts.

Account Holder	Number of Visa cards desired for Account Holder
	◯1 ◯2
Additional Account Holder	**Number of Visa cards desired for Additional Account Holder**
	◯0 ◯1

B. ◯ **Schwab Bank Investor Checking Account**[1] Complete and attach the Add Schwab Bank Investor Checking to Your Schwab One Brokerage Account Application. This full-featured Schwab Bank checking account links to your Schwab One brokerage account and includes unlimited checkwriting, free Schwab Bank Bill Pay, a Visa Platinum check card with ATM rebates,[2] downloads to Microsoft® Money or Quicken®, and interest on your cash balances.[3]

C. ◯ **None**

[1]You must be a U.S. resident or resident alien and have a U.S. mailing address to open a Schwab Bank Investor Checking account.

[2]Refer to the *Schwab Bank Deposit Account Pricing Guide* for details.

[3]Schwab Bank is an FDIC-insured depository institution affiliated with Schwab. *Funds deposited at Schwab Bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to $100,000 when aggregated with all other deposits held by you in the same capacity at Schwab Bank.*

7 AUTHORIZATIONS Please initial all areas that apply to this account.

Any of these authorizations may be revoked by providing notice to Schwab. Schwab may require that such notice be provided in writing. If more than one person is listed on the account, each Account Holder must initial the authorizations granted below. (An "X" is not sufficient.)

Account Holder/Custodian	Add'l Account Holder	Add'l Account Holder	
EA			**Trading and Disbursement Authorization.** I authorize Schwab (1) to execute trades in my account at the direction of IA as provided under the Trading Authorization heading in the attached Schwab One Account Application Agreement; (2) to disburse assets for investment purposes or to me personally, as instructed by IA; (3) to remit checks, wire funds and otherwise make disbursements of funds held in the account (i) to banks, broker-dealers, investment companies or other financial institutions for credit to an account of identical registration, or (ii) to me at my address of record. **(Note: This option is not available for Estate, Guardianship or Conservatorship accounts.)**
EA			**Trading Authorization.** I authorize Schwab to execute trades in my account at the direction of IA as provided under the Trading Authorization heading in the attached Schwab One Account Application Agreement.
EA			**Fee Payment Authorization.** I authorize Schwab to pay investment advisory and related fees to IA from my account in the amount of IA's instructions.

Account Holder/ Custodian/Executor	Add'l Account Holder/ Co-Guardian/Co-Executor	Add'l Account Holder/ Co-Guardian/Co-Executor
Account Holder/ Custodian/Executor	Add'l Account Holder/ Co-Guardian/Co-Executor	Add'l Account Holder/ Co-Guardian/Co-Executor

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FILE#8145

8 ISSUER COMMUNICATIONS AND RELATED ACTIONS

If you have granted your IA trading authority over your account, and your IA exercises investment discretion for you pursuant to an advisory contract, you can appoint your IA to be sent certain issuer and issuer-related communications (proxies, tender offers, proposed mergers, rights offerings, exchange offers and warrants, among other things) that may require a voting decision or other action regarding investments held in your account.

If you appoint your IA below, your IA will, regarding only those voting decisions or other action communications sent to your IA: (i) be requested to vote proxy ballots; (ii) be requested to provide instructions regarding corporate reorganizations and other corporate actions; and (iii) be sent certain prospectuses and annual reports and other communications. In these cases, you will be authorizing your IA to make all voting decisions and take all actions on your behalf. You will not be sent informational copies of these communications.

Even if you appoint your IA below, you may still be sent certain other issuer and issuer-related communications regarding investments held in your account. You agree that you will be responsible for providing Schwab any applicable instructions or directions on those items.

Please select only one:

○ Yes. I appoint my IA, and I will fulfill my responsibilities, as described above. I instruct Schwab not to disclose my name, address and securities positions to any issuer of securities held in my account.

● No. I do not appoint my IA as described above. I wish to be sent all issuer and issuer-related communications, make all voting decisions and take all actions described above. I understand that any issuer of securities held in my account may request that Schwab disclose to it my name, address and securities positions in that issuer.

If you selected "No" above, please select one:

My IA ● should / ○ should not be sent informational copies of any issuer or issuer-related communications.

If you do not select either "Yes" or "No" above, Schwab will deem you to have indicated "No," but informational copies of issuer and issuer-related communications may be sent to your IA.

9 AUTHORIZATION TO OPEN ACCOUNT

By signing this Application, you acknowledge that you have received and read a copy of the attached Application Agreement, which contains a predispute arbitration provision. You acknowledge that your signature signifies and constitutes your agreement that this account and your relationship with Schwab will be governed by the Application Agreement and all incorporated agreements and disclosures, including, but not limited to, the Schwab One® Account Agreement and the *Charles Schwab Institutional® Pricing Guide*, each as amended from time to time (the "Agreement and Disclosures"). You understand there are fees associated with establishing, maintaining and engaging in transactions.

If you have selected the margin feature, you acknowledge that securities securing loans from Schwab may be lent to Schwab and lent by Schwab to others. You also acknowledge that if you trade "on margin," you are borrowing money from Schwab and that you understand the requirements and risks associated with margin borrowing as summarized in the Margin Disclosure Statement included with this Application.

For purposes of this Account Application and the attached Application Agreement, the terms "you," "your" and "Account Holder" refer to each person who signs this Account Application. The terms "we," "us," "our" and "Schwab" refer to Charles Schwab & Co., Inc.

I certify under penalty of perjury that (1) the number shown on this Application is my correct taxpayer number; (2) I am not subject to back-up withholding because (a) I am exempt from back-up withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to back-up withholding as a result of a failure to report all interest and dividends, or (c) the IRS has notified me that I am no longer subject to back-up withholding; and (3) I am a U.S. person (including a U.S. resident alien). (I understand that if I have been notified by the IRS that I am subject to back-up withholding as a result of dividend or interest underreporting and I have not received a notice from the IRS advising me that back-up withholding is terminated, I must strike or cross out the information contained in Item 2 above.) The IRS does not require my consent to any provision of this document other than the certification required to avoid back-up withholding.

The Agreement with Schwab includes a predispute arbitration clause. I acknowledge receipt of the predispute arbitration clause contained in the Required Arbitration Disclosures and Arbitration Agreement sections, pages 1 and 2, of the Schwab One Account Application Agreement.

All Account Holders must sign. Your signature(s) below will also serve as a signature card for checks and Visa® Platinum check card(s).

▶ [signature] Elizabeth I. Aiken Date 6/3/08
Signature: Account Holder/Custodian/Conservator/Guardian/Executor — Print Name — (mm/dd/yyyy)

▶ _____ Date _____
Signature: Additional Account Holder/Custodian/Co-Guardian/Co-Executor — Print Name — (mm/dd/yyyy)

▶ _____ Date _____
Signature: Additional Account Holder/Custodian/Co-Guardian/Co-Executor — Print Name — (mm/dd/yyyy)

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10 NOMINATE A SUCCESSOR CUSTODIAN - CUSTODIAL ACCOUNTS ONLY

Use this section to designate a successor custodian to act on this account in the event of your incapacity, death, resignation or removal as custodian. **This is a nomination only.** To activate the role of a successor custodian, the account registration must be changed.

Name of Successor Custodian

This designation shall take effect as to this account in the event of my incapacity, death, resignation or removal as custodian.

IN WITNESS THEREOF, I have executed this Designation of Successor Custodian Form.

Print Name

▶ Signature: Current Custodian — Date (mm/dd/yyyy)

Witness (The witness may NOT be the individual designated as the successor custodian.)

Print Name

▶ Signature: Witness — Date (mm/dd/yyyy)

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National Service

These documents are for the transfer of accounts between my advising number ([redacted]-1806) to my broker/dealer's advising number ([redacted]-5159)

Rick Schmerman

[redacted]

EXHIBIT
S-24c
ADMITTED

charles SCHWAB
INSTITUTIONAL

Limited Power of Attorney (LPOA)

Investment Advisor ("IA") Information (This portion to be completed by IA.)

IA Firm Name (Please print.) UPFSA

IA Master Account Number _____ Service Team National Service

Prior IA Firm Name MSC- Diversified Financial
(Please complete if authorization below replaces authority previously delegated.)

SchwabLink® Investor Checking Master _____

If you do not have a SchwabLink Master for your Schwab Bank High Yield Investor Checking™ ("High Yield Investor Checking") account(s), please contact your sales representative to get one established.

Is your firm (or a principal, employee or related person* of your firm) an owner, trustee, executor, guardian, conservator or custodian of this account? ○ Yes ○ No
If "Yes," and this is a Trust, Estate, Guardianship, Conservatorship or Custodial account, please also submit a completed Investment Advisor Account Supplemental Information Form.

Use this form to grant limited authority over your existing brokerage account at Charles Schwab & Co., Inc. ("Schwab") and, if applicable, your linked High Yield Investor Checking account at Charles Schwab Bank ("Schwab Bank") to the IA named above.

1. Account Holder Information

[redacted] 16196
Brokerage Account Number

High Yield Investor Checking Account Number (if applicable)

Elizabeth — Account Holder's First Name
Middle
aiken — Last

Additional Account Holder's First Name
Middle
Last

2. Authorizations (Please initial all areas that apply to this account.)

Note: Any of these authorizations may be revoked by providing notice to Schwab. If more than one person is listed on the account, each Account Holder must initial the authorizations granted below. (An "X" is not sufficient.)

Acct. Holder/Trustee/Custodian/Executor	Add'l Account Holder/Co-Trustee/Co-Executor	Add'l Account Holder/Co-Trustee/Co-Executor	
ea			**Trading Authorization.** I authorize Schwab to execute trades in my brokerage account at the direction of IA as provided in the Limited Power of Attorney (LPOA) Agreement.
ea			**Trading and Disbursement Authorization.**[1] I authorize Schwab (1) to execute trades in my brokerage account at the direction of IA as provided in the Limited Power of Attorney (LPOA) Agreement; (2) to disburse assets for investment purposes or to me personally as instructed by IA; (3) to remit checks, wire funds and otherwise to make disbursements of funds held in the brokerage account (i) to banks, broker-dealers, investment companies or other financial institutions for credit to an account of identical registration or (ii) to me at my address of record. (Note: This option is not available for Estate, Guardianship or Conservatorship accounts.)
ea			**Fee Payment Authorization.** I authorize Schwab to pay investment advisory and related fees to IA from my brokerage account in the amount of my IA's instructions.

*A "related person" is defined as any advisory affiliate or any person that is under common control with your firm. See Form ADV for additional information.

[1] High Yield Investor Checking account: If you have granted "Disbursement Authorization" above to your IA on your Schwab One® brokerage account, and you have a linked High Yield Investor Checking account, you will be deemed to have granted Disbursement Authorization to your IA on your High Yield Investor Checking account as well. Under this Disbursement Authorization, your IA will have the ability to transfer or withdraw money from your High Yield Investor Checking account, place stop payments, and generally take such other actions with respect to this account in the same manner and to the same extent as you are permitted to do. However, in general, your IA will not be issued checks for this account, has no authority to sign checks for this account and will not be issued a check card for this account or access to Schwab Bank Bill Pay™ service. Your IA may request copies of specific account statements for this account. Any of these authorizations may be revoked by providing notice to Schwab or Schwab Bank. Schwab or Schwab Bank may require that such notice be provided in writing.

If you have not granted your IA Disbursement Authorization on your Schwab One brokerage account, your IA may only have authority to view account information, balances and transactions, but not to make withdrawals or transfer funds in your linked High Yield Investor Checking account. Your IA may also request copies of specific account statements.

Non-Deposit Investment Products: Not FDIC-Insured • No Bank Guarantee • May Lose Value

For Charles Schwab Use Only

Account Number
Date Approved (mm/dd/yyyy)
Print Name of Approver
Signature

WB

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EXHIBIT
S-24d
ADMITTED

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SCHMERMAN
FILE#8145

3. Issuer Communications and Related Actions

If you have granted your IA trading authority over your brokerage account, and your IA exercises investment discretion for you pursuant to an advisory contract, you can appoint your IA to be sent certain issuer and issuer-related communications (proxies, tender offers, proposed mergers, rights offerings, exchange offers and warrants, among other things) that may require a voting decision or other action regarding investments held in your brokerage account.

If you appoint your IA below, your IA will, regarding only those voting decisions or other action communications sent to your IA: (i) be requested to vote proxy ballots; (ii) be requested to provide instructions regarding corporate reorganizations and other corporate actions; and (iii) be sent certain prospectuses and annual reports and other communications. In these cases, you will be authorizing your IA to make all voting decisions and take all actions on your behalf. You will not be sent informational copies of these communications.

Even if you appoint your IA below, you may still be sent certain other issuer and issuer-related communications regarding investments held in your brokerage account. You agree that you will be responsible for providing Schwab any applicable instructions or directions on those items.

Please select only **one**:

( ) Yes. I appoint my IA, and I will fulfill my responsibilities, as described above. I instruct Schwab not to disclose my name, address and securities positions to any issuer of securities held in my brokerage account.

(•) No. I do not appoint my IA as described above. I wish to be sent all issuer and issuer-related communications, make all voting decisions and take all actions described above. I understand that any issuer of securities held in my brokerage account may request that Schwab disclose to it my name, address and securities positions in that issuer.

If you selected "No" above, please select one: My IA (✓) should / ( ) should not be sent informational copies of any issuer or issuer-related communications.

If you do not select either "Yes" or "No" above, Schwab will deem you to have indicated "No," but informational copies of issuer and issuer-related communications may be sent to your IA.

4. Schwab Bank High Yield Investor Checking™ Investment Advisor Authorizations

(If you do not have a High Yield Investor Checking account, please skip this section.)

If you have listed a High Yield Investor Checking account in Section 1 of this form, please read this section. These Investment Advisor Authorizations are an agreement between Charles Schwab Bank ("Schwab Bank") and each Account Holder. The terms "I," "me" and "my" refer to each Account Holder or trustee. By signing in Section 6, I:

(1) authorize the Investment Advisor (IA) named on this form to exercise the authorities described in Section 2 of this form, and I authorize Schwab Bank to take such actions as Schwab Bank deems necessary to carry out instructions Schwab Bank receives from me and/or my IA; I further authorize Schwab Bank, in its sole discretion and for whatever reason, to request additional documentation from me prior to executing any transaction requested by my IA;

(2) acknowledge and agree that:
- Schwab Bank will merely effect transactions as directed by my IA's Disbursement Authority;
- Schwab Bank will not give legal or tax advice;
- Schwab Bank is not acting as a fiduciary;
- I (and not Schwab Bank) am responsible for investigating and selecting my IA;
- my IA is not affiliated with, or controlled or employed by, Schwab Bank, and Schwab Bank has not approved, recommended or endorsed my IA;
- unless required by applicable law, Schwab Bank has no duty to review, supervise or monitor any transaction by my IA in my High Yield Investor Checking account; and
- Schwab Bank reserves the right, in its sole discretion, to no longer honor instructions from my IA and will notify me if it chooses to do so;

(3) hereby ratify and confirm any and all transactions or dealings effected in and for my High Yield Investor Checking account by my IA, and I agree to indemnify and hold harmless Schwab Bank, its affiliates, and their directors, officers, employees and agents from and against all claims, actions, judgments, settlement amounts, costs and liabilities, including attorneys' fees, arising out of or relating to their reliance on this form and those Account Terms, Schwab Bank's execution of my IA's instructions and Schwab Bank's execution of disbursement instructions received from my IA's Disbursement Authority;

(4) agree to indemnify and hold Schwab Bank harmless from, and to pay Schwab Bank promptly upon demand for, any and all losses or financial obligations which may arise from the acts or omissions of my IA with respect to my High Yield Investor Checking account. I also agree that Schwab Bank will not be liable, and I will not attempt to hold Schwab Bank liable, for any transaction or decision made by my IA, whom I have selected, regardless of whether or not any such transaction or decision was specifically authorized by me;

(5) understand that this authorization and indemnification will remain in effect until Schwab Bank is notified in writing of my death, mental disability, incompetence or incapacity, or until I have revoked it by written notification, and such notification is received by Schwab Bank; such revocation will not affect my obligations resulting from transactions initiated prior to Schwab Bank's receipt of notice of revocation;

(6) understand that this form supplements and in no way limits or restricts rights which Schwab Bank may have under existing law or any other agreement with me. This form will bind my heirs, executors, administrators, successors and assigns, and will benefit Schwab Bank's successors, affiliates and assigns;

(7) certify that I have read carefully the provisions of this form and understand that it authorizes my IA, herein named, to exercise all rights and powers set forth above with respect to my High Yield Investor Checking account, and I understand that anything my IA may do in the exercise of such rights and powers is fully binding upon me; I hereby authorize the IA named in this form and in such capacity to give instructions to Schwab Bank in connection with my High Yield Investor Checking account specified on this form, and to take other actions necessary or incidental to the execution of such instructions; I authorize Schwab Bank, and other persons to whom Schwab Bank has given instructions in order to implement my IA's instructions, to rely on my IA's instructions without obtaining my approval, countersignature or co-signature. I understand that this is not a Durable Power of Attorney and that all *authority granted to my IA shall cease* automatically upon Schwab Bank receiving written notification from a licensed physician of my mental disability, incompetence, incapacity or death;

(8) give my Investment Advisor of record (if I have granted Disbursement Authority to my IA) or Other Authorized Signer permission and authority to request wire transfers and Automated Clearing House (ACH) transfers, by telephone or online, from my High Yield Investor Checking account. I understand that by making this authorization I may not be contacted as part of the Schwab Bank wire transfer security procedures or other related customer authentication procedures when my IA or Other Authorized Signer requests and signs for a wire transfer or requests an ACH transfer based on this authorization.

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5. Certification of Trust—Trust Accounts Only

By signing this Limited Power of Attorney form on behalf of a Trust, each Trustee signing below (the "Trustees") certifies that the representations and warranties in the attached Certification of Trust are true and complete.

6. Please Read and Sign

The terms "I," "me" and "my" refer to each Account Holder or Trustee. By signing below, I authorize the Investment Advisor (IA) named on page 1 of this document to be my Agent (attorney-in-fact) to the extent provided in this Limited Power of Attorney (LPOA) document. *Further, I certify that I have read carefully the* provisions of this LPOA document. By signing this Limited Power of Attorney, each Trustee signing below (the "Trustees") certifies that the representations and warranties in the attached Certification of Trust are true and complete.

Furthermore, by signing this agreement, I acknowledge that these terms relate to my account(s) and are part of (A) the Account Agreement between me and Schwab for my Schwab One® account and, if applicable, (B) the Account Agreement between me and Schwab *Bank for my High Yield Investor Checking™* account.

Additionally, by signing this Agreement, each Account Holder consents to Schwab's: (i) sending, by mail, electronic delivery and/or other means, duplicate copies of account trade confirmations, account statements and any other information relating to the Account Holder and the account to the Account Holder's IA, if and in such manner as requested by the Account Holder's IA; (ii) sending such information about the Account Holder and the account to third parties (such as CPAs or performance-reporting companies) as the Account Holder's IA shall direct Schwab; and (iii) disclosure of information about the Account Holder and the account to other third parties as provided in this LPOA and the Account Agreement. Furthermore, I acknowledge that I have received a copy of the Account Terms to retain for my records.

All Account Holders must sign below. If this is a Trust, Estate, Guardianship or Conservatorship account, all current trustees, executors, guardians or conservators must sign, even if not listed on the account registration. If needed, you may attach a separate sheet with additional signatures.

Please Note: By signing below, I authorize Schwab to provide IA any and all requested information of any nature whatsoever regarding my brokerage account, including, but not limited to, copies of my account statements, applications or like documentation, and, if applicable, copies of checks written against my linked Schwab Bank High Yield Investor Checking account.

▶ Elizabeth I Aiken — Signature: Account Holder/Trustee/Custodian/Executor — Print Name: Elizabeth I. Aiken — Date 11/17/08 (mm/dd/yyyy)

▶ _____ Signature: Additional Account Holder/Co-Trustee/Co-Executor — Print Name _____ — Date _____ (mm/dd/yyyy)

▶ _____ Signature: Additional Account Holder/Co-Trustee/Co-Executor — Print Name _____ — Date _____ (mm/dd/yyyy)

For Charles Schwab Use Only

Account Number _____

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LAW OFFICE OF BRYAN K. LEVY
ATTORNEY AT LAW
80 EAST COLUMBUS AVENUE
PHOENIX, ARIZONA 85012

TELEPHONE (602) 264-4965
FAX (602) 277-0144

November 13, 2008

Mr. Dan Woehrer
St. Lawrence Seminary
301 Church Street
Mount Calvary, WI 53057

Re: Estate of Patricia M. Beauvais

Dear Mr. Woehrer:

Enclosed please find a copy of the C and P Beauvais Trust, Dated May 2, 1991 that you requested. The date of death for Ms. Beauvais was July 22, 2007.

Please do not hesitate to contact me with any questions regarding the above.

Very truly yours,

Bryan K. Levy

Bryan K. Levy

BKL/ao
Enclosures

cc: Richard M. Schmerman

EXHIBIT
S-25a
ADMITTED

THE C AND P BEAUVAIS TRUST

EFFECTIVE DATE: May 2, 1991

PARTIES: **CHARLES E. BEAUVAIS**
PATRICIA M. BEAUVAIS
Husband and Wife, Trustors

CHARLES E. BEAUVAIS
PATRICIA M. BEAUVAIS, Trustees

* * *

FAMILY HISTORY: The Trustors declare that they are married and that they have no children.

ARTICLE I: CREATION OF TRUST

1.1 Trust Purposes. By this instrument the Trustors establish a revocable living trust, to be known as "THE C AND P BEAUVAIS TRUST" for the following purposes:

(a) To avoid probate on the Trust Property when each of them dies;

(b) To provide a vehicle for the management of their financial affairs if one or both of them becomes incompetent; and

(c) To plan for the orderly distribution of their assets after the death of each of them.

1.2 Description of Trust Assets. The Trustors transfer to the Trustee, without consideration, the property described in the attached Schedules A, B, and C. Schedule A is the Trustors' community property, although prior ownership may have been by either Trustor as his separate property or by the Trustors together as their joint property and although the transfer to this trust may be deemed a gift from one Trustor to the other. The Trustors agree to be bound by all applicable rules of law, both statutory and other, respecting community property for all purposes. The property listed on Schedule B or designated as Schedule B property is the husband Trustor's separate property and the property listed on Schedule C or designated as Schedule C property is the wife Trustor's separate property. Any Trust Property not listed on a schedule and not designated otherwise shall be deemed to be the Trustors' community property. The separate property of each Trustor and the community property of both Trustors, all income,

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and all additions shall retain their respective characters as separate or community property.

1.3 Trustee's Agreement. Each Trustee, by accepting his appointment as such, agrees to hold, administer and distribute the Trust Property as provided in this instrument.

ARTICLE II: DEFINITION OF TERMS

2.1 "Beneficiary" means any person who has a beneficial interest in the trust, including the Trustors.

2.2 "Competency" means the ability to give prompt and intelligent consideration to financial matters. The incompetency of a Trustor, a Trustee or a beneficiary shall be determined in accordance with the provisions of Article IX.

2.3 "Descendant" includes adopted descendants and their issue, natural and adopted.

2.4 "Designated Age" means the age of thirty-five (35).

2.5 "Education" means undergraduate college, graduate or professional school, technical or vocational training, and includes room, board, tuition and books.

2.6 "GST exemption" means the GST exemption defined in section 2631 of the Internal Revenue Code of 1986, including any subsequent amendments thereto ("IRC"); "GST tax" means the generation-skipping transfer tax imposed under IRC section 2601; and "exempt" for GST tax purposes means that the inclusion ratio for the trust, as defined in IRC section 2642, is zero.

2.7 "Independent Trustee", with respect to any trust created hereunder, means any Trustee who has no present beneficial interest in such trust.

2.8 "Person" includes an individual, a corporation, a partnership and any other legal entity.

2.9 "Principle of representation" means a division into as many equal shares as there are surviving descendants in the nearest degree of kinship and deceased persons in the same degree who left issue who survived the decedent, each surviving descendant in the nearest degree receiving one share and the share of each deceased person in the same degree being divided among his issue in the same manner.

2.10 "Skip person" and "non-skip person" refer to those terms as described in IRC section 2613.

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2.11 "Spouse", unless the context requires otherwise, means a person who is married to and residing with a beneficiary under this instrument; however, a spouse who is residing in a nursing home, convalescent home, hospital or other similar institution is a spouse if he was residing with the beneficiary immediately prior to his institutionalization. "Surviving spouse" means a person who was a spouse at the time of the death of the beneficiary.

2.12 "Support". In determining what amounts are necessary for the support of any beneficiary the Trustee shall take into account (a) the standard of living to which such beneficiary is accustomed; (b) his obligations, if any, to support others; (c) the obligation, if any, and the ability of others to support him; and (d) the income and other financial resources available for his support known to the Trustee.

2.13 "Survival date." Except with respect to the Qualified Trusts, whenever the Trustee is to determine which beneficiary under this instrument is entitled to receive Trust Property, the Trustee shall make the determination on the date of distribution or allocation, whichever is applicable ("survival date"). The survival date shall apply to any disposition of the Trust Property other than a disposition to a Trustor or a disposition in compliance with the perpetuities law as described in Article IX, and shall include a disposition upon the principle of representation and a disposition to a beneficiary contingent upon his survival as indicated by the following phrases: "if living", "if then living", "to his then surviving descendants", "if then deceased", "if he survives the Trustor(s)" or any similar phrase.

2.14 "Trust Property" refers to all property transferred to this trust now or in the future, together with all accumulations.

2.15 "Trustee" refers to the person(s) serving as such, including the original trustee(s) and all successor trustees. "Successor Trustee" refers to any trustee other than an original Trustee.

2.16 "Trustor" refers to CHARLES E. BEAUVAIS or PATRICIA M. BEAUVAIS.

2.17 Unless contrary to the meaning, the masculine includes the feminine or neuter; the singular includes the plural and vice versa.

ARTICLE III: POWERS RESERVED BY THE TRUSTORS

The Trustors reserve the right to amend or revoke this instrument as follows:

3.1 Community Property. While both Trustors are competent, any terms of this instrument dealing with the Trustors' community

property may be amended or revoked by both Trustors. In addition, each Trustor may amend any provision dealing with his one-half interest in the community property.

3.2 Sole and Separate Property. Either Trustor may amend or revoke any terms of this instrument dealing with his sole and separate property.

3.3 Incompetency of A Trustor. During any period in which either Trustor is incompetent, the other Trustor may segregate his one-half portion of any community property and thereafter may amend or revoke this instrument with respect to such portion. The community property portion of the incompetent Trustor shall not be subject to amendment or revocation.

3.4 Death of One Trustor. After the death of one Trustor, the surviving Trustor may amend or revoke the terms of this instrument dealing with the Survivor's Trust and may amend or revoke any other terms of this instrument as hereinafter expressly provided.

3.5 Amendments to be in Writing. Any amendment or revocation shall be in writing, signed by the Trustor(s) having authority to amend or revoke, and delivered to the Trustee.

3.6 Trustee's Consent. No amendment shall substantially change the duties, powers and responsibilities of the Trustee without his written consent.

ARTICLE IV: MOVEABILITY

4.1 Trustee's Discretion to Move Trust. At the Trustee's discretion, the situs of this trust and of any separate trust created hereunder may, together or individually, be changed to another jurisdiction, whether by appointment of a successor Trustee in another state or country, by transfer of trust assets to another state or country, or by the Trustee's or a beneficiary's move to another state or country.

4.2 Trustee's Discretion to Select Governing Law. At the Trustee's discretion, this trust and any separate trust created hereunder shall be governed by the laws of:

(a) the State of Arizona;

(b) the state or country where the Trustee resides or has its principal place of business; or

(c) the state or country where a beneficiary resides.

The Trustee shall have no liability for exercising its discretion in the selection of governing law.

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4.3 Choice of Governing Law. It is not intended that the laws of only one particular jurisdiction shall necessarily govern all questions pertaining to this trust and to any separate trust created hereunder; rather:

(a) The validity of this trust and of any separate trust created hereunder, including the validity of any particular provision hereof, shall be governed by the laws of the State of Arizona.

(b) The meaning and effect of any term or provision of this trust and of any separate trust created hereunder shall be governed by the laws of the State of Arizona and/or such other state or country as may be designated by the Trustee pursuant to this Article IV.

(c) The administration of this trust and of any separate trust created hereunder shall be governed by the laws of the state or country in which any such trust is then being administered based upon this Article IV.

(d) The preceding provisions of this section shall apply to this trust as a whole and to any separate trust created hereunder, individually, even though the situs of some trust assets or the residence of the Trustors, the Trustee or a beneficiary may be elsewhere.

ARTICLE V: ADMINISTRATION OF THE TRUST PROPERTY WHILE BOTH TRUSTORS ARE LIVING

5.1 Trustors Retain Control. The Trustors shall control the Trust Property while they are competent, as follows:

(a) Either Trustor acting in his capacity as statutory agent for the marital community may direct the investment and distribution of the community property which, if held in individual ownership by the Trustors, would not require joinder of both Trustors for disposition or encumbrance under the laws of the state of the Trustors' domicile or, with respect to real property, where such property is situated; provided, however, any other distribution or encumbrance and any distribution of community property which would constitute a gift, must be made by both Trustors.

(b) Each Trustor may direct the investment and distribution of his separate property, if any.

5.2 Incompetency of A Trustor. During any period in which a Trustor is incompetent, the Trustee shall distribute such amounts of the income and principal of the incompetent Trustor's property, separate and community, as the Trustee determines appropriate for the health care, maintenance, support and welfare of the

incompetent Trustor and that of any person other than the Trustee dependent upon him for support.

ARTICLE VI: DIVISION OF TRUST PROPERTY WHEN ONE TRUSTOR DIES

6.1 Payment of Deceased Trustor's Expenses; Allocation of GST Exemption. When a Trustor dies (the "deceased Trustor"), if the deceased Trustor's estate is probated and if the personal representative makes a request to the Trustee or, if the deceased Trustor's estate is not probated, then upon his own determination, the Trustee shall pay all legally enforceable debts of the deceased Trustor, excluding debts which the Trustee determines undesirable to pay (because of a low interest rate, favorable terms or otherwise) and excluding debts secured by property not passing under this instrument or the deceased Trustor's will; expenses of the deceased Trustor's funeral, of conserving, protecting and delivering gifts and of administration, including the deceased Trustor's probate estate, wherever incurred; and all death taxes. For purposes of this instrument, "death taxes" are all federal and state estate and inheritance taxes payable because of the deceased Trustor's death and all federal and state GST taxes on direct skips of which the deceased Trustor is the transferor, including any interest or penalties on all such taxes. Despite the preceding, any bond redeemable at par to pay federal estate tax held by the trust or in the deceased Trustor's probate estate shall be used to pay that tax, with such bonds in the deceased Trustor's probate estate being used first. The Trustee may make the payments directly or through the deceased Trustor's personal representative. The Trustee shall allocate or direct the deceased Trustor's personal representative to allocate the deceased Trustor's GST exemption as follows:

(a) First, to direct skips of which the deceased Trustor is the transferor which occurred during his life, which are subject to the GST tax and for which no gift tax return has been filed at his death;

(b) Second, to direct skips of which the deceased Trustor is the transferor which occur at his death and are not in trust; except that the Trustee shall allocate such exemption to a direct skip caused by a disclaimer only to the extent the exemption would otherwise be wasted after all other allocations directed in this instrument or the deceased Trustor's will have been made;

(c) Third, to direct skips which are made upon the deceased Trustor's death in accordance with the terms of this instrument; and

(d) Fourth, to the Bypass Trust and then to the Qualified GST Exempt Trust and/or Disclaimer Trust, to the extent necessary to exempt such trusts from the GST tax.

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6.2 Tangible Personal Property. The Trustee shall distribute the tangible personal property and transferable club memberships of the deceased Trustor as described on the attached Schedule D (if the husband Trustor is the deceased Trustor) or Schedule E (if the wife Trustor is the deceased Trustor) with the most recent date and signed by the deceased Trustor.

6.3 Division of Trust Property. The Trustee shall divide and allocate the residue of the Trust Property, including property received by the Trustee pursuant to the deceased Trustor's will or otherwise, as follows:

(a) Survivor's Trust. The Trustee shall allocate to a separate trust, to be known as the "Survivor's Trust", the surviving Trustor's separate property, if any, and the surviving Trustor's portion of the community property. The Survivor's Trust shall be disposed of in accordance with the provisions of section 7.1.

(b) Qualified Terminable Interest Property (QTIP). The Trustee shall set aside that fraction of the remaining Trust Property qualifying for the federal estate tax marital deduction whose numerator is the smallest amount which, if allowed as a federal estate tax marital deduction, would result in the least federal estate taxes payable because of the deceased Trustor's death, taking into account the credit for state death taxes only to the extent those taxes are not thereby increased, and whose denominator is the value of said remaining Trust Property ("QTIP"). For purposes of determining the fraction, the Trustee shall use values as finally determined for federal estate tax purposes. In no event shall the fraction be greater than one (1). The QTIP shall be disposed of in accordance with the provisions of section 7.2.

(c) Bypass Trust. The Trustee shall allocate to a separate trust, to be known as the "Bypass Trust", the balance of the Trust Property, if any. The Bypass Trust shall be disposed of in accordance with the provisions of section 7.3.

6.4 Disclaimer Trust. Despite the preceding provisions of this Article VI, if the surviving Trustor or his conservator or personal representative disclaims all or any portion of the QTIP, the portion disclaimed shall be allocated to a separate trust, to be known as the "Disclaimer Trust", which shall be divided into (a) the Disclaimer GST Exempt Trust, consisting of that fraction of the disclaimed property whose numerator equals the deceased Trustor's GST exemption unallocated at his death and not allocated under the preceding provisions of this instrument or his will and whose denominator equals the value of the disclaimed property, except that if the numerator is greater than the denominator the fraction shall be one; and (b) the Disclaimer GST Nonexempt Trust, consisting of the remaining fraction, if any, of the disclaimed

property. The Disclaimer GST Exempt Trust and the Disclaimer GST Nonexempt Trust shall be held, administered and distributed by the Trustee in exactly the same manner as the Bypass Trust, except as expressly provided herein to the contrary, and except that the surviving Trustor shall not have any power of appointment over the assets in the Disclaimer Trusts and shall not be the Trustee of the Disclaimer Trusts. The term "disclaim" shall refer to a qualified disclaimer as defined in IRC sections 2042 and 2518. The Trustors expressly authorize the surviving Trustor or his conservator or personal representative to disclaim all or any portion of the QTIP.

6.5 Allocation of Qualified Retirement Plan. Upon the death of the first Trustor to die, the Trustee shall allocate all qualified retirement plan proceeds payable to the trust to the Survivor's Trust. If the Trustee of the Survivor's Trust has the discretion to elect or to participate in an election on how the qualified retirement plan proceeds are to be distributed, such Trustee shall elect to have such proceeds distributed in a manner that will minimize the combined federal and state income and estate taxes, taking into consideration all relevant facts known to such Trustee at the time of such election. In making an election under the provisions of this section: (a) the Trustee is specifically authorized to elect to have the amounts paid over a period of time even though such payments may extend beyond the termination of the Survivor's Trust; and (b) the Trustee may, but shall not be required to, consent to an election under which the payment period of the proceeds extends beyond ten (10) years. "Qualified retirement plan" means any pension plan, profit-sharing plan, individual retirement account or similar plan described in IRC section 401, 403 or 408.

ARTICLE VII: ADMINISTRATION OF TRUST PROPERTY FOR SURVIVING TRUSTOR

After the death of a Trustor and during the remaining lifetime of the surviving Trustor, the trusts established under the preceding Article VI shall be held, administered and distributed as follows:

7.1 Survivor's Trust. The Trustee shall distribute the Survivor's Trust as the surviving Trustor directs. During any period in which the surviving Trustor is incompetent, the Trustee shall from time to time distribute such amounts of the Survivor's Trust as the Trustee determines appropriate for the health care, maintenance, support and welfare of the surviving Trustor and anyone (other than the Trustee) dependent on the surviving Trustor. Distributions may be made from the income or principal of the Survivor's Trust as the Trustee determines appropriate. Upon the death of the surviving Trustor, the balance of the Survivor's Trust shall be disposed of in accordance with the provisions of Article VIII.

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7.2 Qualified Trusts.

(a) Division. The Trustee shall allocate to a separate trust to be known as "the Qualified GST Exempt Trust", that fraction of the QTIP, the numerator of which is the deceased Trustor's GST exemption unallocated at his death and not allocated under the preceding provisions of this instrument or his will and the denominator of which is the value of the QTIP for federal estate tax purposes in the deceased Trustor's estate, except that if the numerator is greater than the denominator, the fraction shall be one. The Trustee shall allocate the balance, if any, of the QTIP to a separate trust, to be known as "the Qualified GST Nonexempt Trust".

(b) QTIP Election. The Trustee may elect or direct the deceased Trustor's personal representative to elect to treat any fraction or all of the Qualified GST Exempt Trust or of the Qualified GST Nonexempt Trust as qualified terminable interest property for federal estate tax purposes. To the extent an election is made to treat either the Qualified GST Exempt Trust or the Qualified GST Nonexempt Trust as qualified terminable interest property as to less than the entire trust, the Trustee may divide the trust into two portions, one as to which the election has been made in full and the other as to which no election has been made, if the Trustee determines such division to be in the best interests of the beneficiaries. Any division shall be based on the fair market value of the Trust Property at division. The Trustors recommend that no principal be paid to the surviving Trustor from the portion as to which no election has been made while readily marketable assets remain in the elected portion.

(c) Allocation of GST Exemption. The Trustee shall elect or direct the deceased Trustor's personal representative to elect to treat the Qualified GST Exempt Trust for GST tax purposes as if no election to treat the Qualified GST Exempt Trust as qualified terminable interest property has been made.

(d) Administration of Qualified Trusts. Beginning with the death of the deceased Trustor, the Trustee shall distribute the income of the Qualified GST Exempt Trust and the Qualified GST Nonexempt Trust to the surviving Trustor in convenient installments, at least quarterly; in addition, the Trustee shall from time to time distribute such amounts of the principal of such trusts as the Trustee determines appropriate for the surviving Trustor's health care, maintenance and support; provided, the Trustors recommend that no distribution of principal be made to or for the benefit of the surviving Trustor from the Qualified GST Exempt Trust unless there are no assets reasonably available in the Qualified GST Nonexempt Trust for such purposes. The Trustee shall dispose of unproductive property to the extent the surviving Trustor directs in writing.

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(e) Disposition of Qualified Trusts on Surviving Trustor's Death. On the death of the surviving Trustor, any accrued or unpaid net income of the Qualified GST Exempt Trust and/or the Qualified GST Nonexempt Trust shall be distributed to the surviving Trustor's estate; the Trustee shall distribute the principal of such trusts to such person(s) excluding the creditors of the surviving Trustor, his estate and the creditors of his estate on such terms as the surviving Trustor appoints by a written instrument, including his will, specifically referring to this power of appointment. To the extent the surviving Trustor does not effectively exercise his power of appointment, the Trustee shall pay from the Qualified GST Nonexempt Trust the aggregate amount by which estate and inheritance taxes in the surviving Trustor's estate have been increased because of the inclusion of said trusts in his taxable estate but only if after such payment the Qualified GST Exempt Trust would be exempt from the GST tax; otherwise, the Trustee shall pay such taxes pro rata from the Qualified GST Exempt Trust and from the Qualified GST Nonexempt Trust, based upon their relative values as finally determined for federal estate tax purposes in the estate of the surviving Trustor. The Trustee shall dispose of the balance of the Qualified GST Nonexempt Trust and the Qualified GST Exempt Trust in accordance with the provisions of Article VIII.

7.3 Bypass Trust.

(a) Income and Principal Distributions. Commencing with the date of death of the deceased Trustor, the Trustee shall distribute the income of the Bypass Trust to the surviving Trustor in convenient installments, at least quarterly, and such amounts of the principal as the Trustee from time to time determines appropriate for the surviving Trustor's health care, maintenance and support; in addition, the Trustee shall from time to time distribute such amounts of the principal to such person(s) other than the surviving Trustor and his creditors on such terms as the surviving Trustor appoints by a written instrument specifically referring to this power of appointment.

(b) Distributions by Independent Trustee. Despite the foregoing, during any period in which an Independent Trustee is serving as a Trustee of the Bypass Trust, the Independent Trustee may from time to time distribute such amounts of the income and principal of the Bypass Trust as the Independent Trustee determines appropriate for the health care, maintenance and support of the surviving Trustor.

(c) Disposition of Bypass Trust on Surviving Trustor's Death. Upon the death of the surviving Trustor the balance of the Bypass Trust shall be distributed to such person(s) excluding the surviving Trustor's creditors, his estate and the creditors of his estate, on such terms as the surviving Trustor appoints by a written instrument, including his will, specifically referring to

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this power of appointment. To the extent the surviving Trustor does not effectively exercise his power of appointment, the balance of the Bypass Trust shall be disposed of in accordance with the provisions of Article VIII.

7.4 Surviving Trustor's Right to Remain in Residence(s). Despite any provision herein to the contrary, the Trustee shall allow the surviving Trustor, for the remainder of his lifetime, to reside rent-free in any family home(s), including winter or summer residences. Unless the surviving Trustor is incompetent, the Trustee shall not sell any of such residences unless requested in writing to do so by the surviving Trustor. This right shall include the authority, in the surviving Trustor, to direct the Trustee by written document to sell any residence and to purchase another with the proceeds of sale of the former.

ARTICLE VIII: ADMINISTRATION OF TRUST PROPERTY AFTER THE DEATH OF BOTH TRUSTORS

Upon the death of the surviving Trustor:

8.1 Payment of Surviving Trustor's Expenses; Allocation of GST Exemption. If the surviving Trustor's estate is probated and if the personal representative makes a request to the Trustee or, if the surviving Trustor's estate is not probated, then upon his own determination, the Trustee shall pay all legally enforceable debts of the surviving Trustor, excluding debts which the Trustee determines undesirable to pay (because of a low interest rate, favorable terms or otherwise) and excluding debts secured by property not passing under this instrument or the surviving Trustor's will; expenses of the surviving Trustor's funeral, of conserving, protecting and delivering gifts and of administration, including the surviving Trustor's probate estate, wherever incurred; and all death taxes. For purposes of this instrument, "death taxes" are all federal and state estate and inheritance taxes payable because of the surviving Trustor's death and all federal and state generation-skipping transfer taxes on direct skips of which the surviving Trustor is the transferor, including any interest or penalties on all such taxes. Despite the preceding, any bond redeemable at par to pay federal estate tax held by the trust or in the surviving Trustor's probate estate shall be used to pay that tax, with such bonds in the surviving Trustor's probate estate being used first. The Trustee may make the payments directly or through the surviving Trustor's personal representative. The Trustee shall allocate or direct the surviving Trustor's personal representative to allocate the surviving Trustor's GST exemption as follows:

(a) First, to direct skips of which the surviving Trustor is the transferor which occurred during his life, which are subject to the GST tax and for which no gift tax return has been filed at his death;

(b) Second, to direct skips of which the surviving Trustor is the transferor which occur at his death and are not in trust; except that the Trustee shall allocate such exemption to a direct skip caused by a disclaimer only to the extent the exemption would otherwise be wasted after all other allocations directed by this instrument or the surviving Trustor's will have been made;

(c) Third, to direct skips which are made upon the surviving Trustor's death in accordance with the terms of this instrument; and

(d) Fourth, to the Consolidated GST Exempt Trust Property described in section 8.3.

8.2 Tangible Personal Property. The Trustee shall distribute the tangible personal property and any transferable club memberships of either Trustor as described on the attached Schedule D or Schedule E with the most recent date and signed by such Trustor.

8.3 Consolidation of GST Exempt Trust Property. Subject to the provisions of sections 8.1 and 8.2, the Trustee shall consolidate the Bypass Trust, the Qualified GST Exempt Trust, the Disclaimer GST Exempt Trust and that fraction of the Survivor's Trust the numerator of which equals the surviving Trustor's GST exemption unallocated at his death and not allocated under the preceding provisions of this instrument or his will and the denominator of which equals the value of the Survivor's Trust for federal estate tax purposes in the surviving Trustor's estate, except that if the numerator is greater than the denominator, the fraction shall be one ("Consolidated GST Exempt Trust Property"). The Trustee shall allocate an amount equal to Fifty Percent (50%) of the Net Trust Property to separate shares for the individual(s) named or described on the attached Schedule F with the most recent date, in the percentages indicated thereon; provided, except as provided to the contrary on said Schedule F, if an individual named or described thereon is not then living, his share shall lapse and shall instead be disposed of as a part of the residue of the Consolidated GST Exempt Trust Property. "Net Trust Property" means the value of the Trust Property at the time of the surviving Trustor's death less all payments and distributions required by sections 8.1 and 8.2. The Trustee shall distribute the residue, if any, of the Consolidated GST Exempt Trust Property to THE ARIZONA COMMUNITY FOUNDATION, to be used to create "THE C AND P BEAUVAIS FOUNDATION", the annual income from which shall be distributed to the charitable organizations described on the attached Schedule G with the most recent date, in the percentages indicated thereon. The Trustee shall hold each share created for an individual as a separate trust ("GST Exempt Trust") in the name of and for the benefit of the individual for whom it was created (the "Beneficiary") and shall administer and distribute the trust as follows:

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(a) Income. The Trustee shall from time to time distribute such amounts of the income as he determines appropriate for the health care, maintenance, support and education of the Beneficiary and his descendants, without regard to equality of distributions among them but giving priority to the Beneficiary. It is the Trustors' desire that the Trustee distribute all of the income to the Beneficiary after he has attained the Designated Age unless the Beneficiary has no need for the income.

(b) Principal. The Trustee shall from time to time distribute such amounts of the principal as the Trustee determines appropriate for the health care, maintenance, support and education of the Beneficiary; provided, during any period in which an Independent Trustee is serving, such Independent Trustee may from time to time distribute such amounts of the principal as he determines appropriate for the health care, maintenance, support and education of the Beneficiary and his descendants, in that order of priority. No distribution shall be made to anyone other than the Beneficiary unless the Trustee determines that there are no other resources reasonably available to meet such needs; further, the Trustors recommend that no distribution of principal be made to or for the benefit of the Beneficiary or any other person who is a non-skip person while readily marketable assets remain in the trust, if any, then being held under section 8.4 for such Beneficiary or such non-skip person. The Trustee shall be very liberal in exercising his discretion to distribute principal to or for the benefit of a Beneficiary who has attained the Designated Age and shall not be required to consider such Beneficiary's other resources.

(c) Power of Appointment (Inter Vivos). After the Beneficiary has attained the Designated Age, the Trustee shall from time to time distribute such amounts of the principal to such person(s) excluding the Beneficiary and his creditors, on such terms as the Beneficiary appoints by written instrument specifically referring to this power of appointment and delivered to the Trustee during the Beneficiary's lifetime; provided, however, the Beneficiary shall not have authority to direct a distribution which would discharge the Beneficiary's legal obligation of support.

(d) Upon the Death of the Beneficiary. Upon the death of a Beneficiary who has attained the Designated Age, the balance of his trust shall be distributed to such person(s) excluding the Beneficiary, his creditors, his estate, and the creditors of his estate, on such terms as the Beneficiary appoints by written instrument, including a will, specifically referring to this power of appointment. To the extent the Beneficiary does not effectively exercise his power of appointment, the balance of his trust shall be divided using the principle of representation among his descendants or, if none, among the descendants of his nearest ancestor who was a beneficiary of this trust, if any, otherwise

such trust shall be distributed to THE C AND P BEAUVAIS FOUNDATION created under this section 8.3. The Trustee shall hold each share created for an individual as a separate trust in the name of and for the benefit of the individual for whom it was created (thereafter, the "Beneficiary") and shall administer and distribute the trust in accordance with the provisions of this section 8.3.

(e) Distributions to Existing Trusts. Despite the preceding provisions of this section, any part of a Beneficiary's GST Exempt Trust otherwise distributable to another Beneficiary for whom a GST Exempt Trust is then being held under this section 8.3 shall be added to that trust.

8.4 Consolidation of Remaining Trusts. Subject to the provisions of sections 8.1 and 8.2, the Trustee shall consolidate the Disclaimer GST Nonexempt Trust, the Qualified GST Nonexempt Trust and the remaining fraction, if any, of the Survivor's Trust, to the extent such trusts are not otherwise disposed of ("Consolidated GST Nonexempt Trust Property"). The Trustee shall allocate to separate shares for the individuals named on said Schedule F, in the percentages indicated thereon, an amount equal to (a) Fifty Percent (50%) of the Net Trust Property minus (b) the amount, if any, allocated to said shares pursuant to section 8.3. The Trustee shall hold each share created for an individual as a separate trust ("GST Nonexempt Trust") in the name of and for the benefit of the individual for whom it was created (the "Beneficiary") and shall dispose of the GST Nonexempt Trust on the same terms as the Consolidated GST Exempt Trusts except that on the death of the Beneficiary, the balance of his separate trust shall first be distributed to the creditors of his estate on such terms as the Beneficiary appoints by written instrument, including a will, specifically referring to this power of appointment. The Trustee shall distribute the residue, if any, of the Consolidated GST Nonexempt Trust Property to THE ARIZONA COMMUNITY FOUNDATION, to be used to create THE C AND P BEAUVAIS FOUNDATION, the annual income from which shall be distributed to the charitable organizations described on the attached Schedule G with the most recent date, in the percentages indicated thereon.

8.5 Disaster Clause. Any Trust Property not effectively disposed of by the preceding provisions shall be distributed to THE ARIZONA COMMUNITY FOUNDATION, to be added to or used to create THE C AND P BEAUVAIS FOUNDATION described in section 8.3.

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ARTICLE IX: ADDITIONAL TRUST PROVISIONS GOVERNING TRUST ADMINISTRATION

The following provisions apply to each trust created by this instrument:

9.1 Postponement of Possession. Except as expressly provided to the contrary in a power of appointment exercised in accordance herewith, any Trust Property distributable thereunder shall be retained as a separate trust in the name of such beneficiary and shall be disposed of in accordance with the provisions of section 8.3 (if such Trust Property is exempt for GST tax purposes or section 8.4 (if such Trust Property is not exempt for GST tax purposes; provided, if a trust is then being held for such person under such section, the share created hereunder shall be added to that trust.

9.2 Priority of Distributions. As long as either Trustor is alive, the Trustee shall treat the interests of the Trustor(s) as paramount over the interests of any other beneficiary. In the absence of bad faith, the Trustee shall not be liable to any person regarding the exercise of its discretion in favor of either Trustor.

9.3 Discretionary Distributions by Trustee. In exercising his discretion to distribute income or principal to a beneficiary other than a Trustor, except as provided to the contrary, the Trustee is authorized to exhaust the trust and is directed to consider (a) any written instructions from the Trustors; (b) the beneficiary's (i) other income and assets available for the stated purposes, (ii) character and habits, (iii) diligence, progress and aptitude in acquiring an education, (iv) ability to handle money usefully and prudently, and (v) willingness to assume the responsibilities of adult life and self-support in light of his particular abilities and disabilities; and (c) all other circumstances and factors the Trustee considers pertinent.

9.4 Spendthrift Clause. It is the Trustors' intent that the Trust Property be used exclusively for the purposes stated herein; therefore, the interests of the beneficiaries under this instrument in principal or income shall not be subject to the claims of their assignees, creditors, former spouses, whether to satisfy an alimony obligation or otherwise or of others or to legal process and may not be transferred or encumbered. Except with respect to the income from the Qualified Trusts, the Trustee may withhold any distribution whether mandatory, discretionary or subject to a withdrawal right if it appears prudent to do so in order to enforce this section. This section shall not limit any power of appointment granted by this instrument.

9.5 Compliance With Perpetuities Law. Unless sooner vested or unless held exclusively for charitable purposes, all interests in

a trust created under this instrument shall vest indefeasibly twenty-one (21) years after the death of the last survivor of the Trustors and the beneficiaries named or described on Schedule F who are living on the date such trust is not subject to a power to alter, amend or revoke. Any property still held in trust at that time shall be allocated to the beneficiaries then entitled to receive or have the benefit of the income of that trust in the proportions in which they are entitled thereto or if their interests are indefinite, then in equal shares; and the Trustee shall continue to hold, administer and distribute such trust in accordance with the provisions of this instrument to the extent that such provisions are consistent with such vesting of interest. When a vested beneficiary dies, the balance of his interest in trust, if any, shall be distributed to his estate. The purpose of this section is to comply with any applicable perpetuities law and the Trustee shall have the authority to amend any provision of this instrument in order to prevent its violation.

9.6 Succession to Income. Except with respect to the Qualified Trusts, whenever a beneficiary's right to receive or to have the benefit of the income of a trust created hereunder terminates by reason of death or otherwise, any undistributed income shall be distributed to the beneficiary entitled to the next successive interest.

9.7 Facility of Payment. If the Trustee considers a beneficiary incompetent, any distribution of income or principal, whether discretionary, mandatory, or subject to a withdrawal right, may be made, for the benefit of such beneficiary: (a) to his legally appointed guardian or conservator; (b) to a provider of goods or services; (c) to his custodian under a Uniform Transfers to Minors Act or similar statute; (d) to the acting trustee of a trust for his benefit under which he has the power (exercisable alone or with others) to amend or revoke the trust, whether such trust was created before or after the date of this instrument; or (e) in any other manner the Trustee deems appropriate.

9.8 Determination of Incompetency. The determination of incompetency of a Trustor or a Trustee under this instrument shall be made based upon a written statement by (a) a Trustor who is competent or, if none, JOHN A. BRUSO ("JACK"), if living and competent, otherwise PATRICK THATCHER ("PATRICK"), if living and competent, and (b) a physician, psychologist, or other licensed health care professional who is reasonably trained and experienced in dealing with incompetency and who is familiar with the person's condition. No person shall participate in the determination of his own incompetency and the Trustee may rely upon such written statement.

9.9 Small Trust Termination. If at any time any trust held hereunder has a principal with a fair market value of $50,000 or less, or if the Trustee determines that the continued administration of such trust is uneconomical, the Trustee may

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terminate such trust and distribute the principal and any undistributed income of such trust to the beneficiary(ies) then entitled to receive or have the benefit of the income therefrom in the proportions in which they are entitled thereto, or if their interests are indefinite, then in equal shares. Despite the preceding provision, (a) the Trustee is instructed to consider the costs of administering any such trust and the ability of its beneficiary(ies) to manage money prudently prior to terminating such trust pursuant to this section and (b) no trust shall be terminated hereunder by a Trustee other than an Independent Trustee of such trust.

9.10 Payment of Trustor's Expenses. Except as provided in section 9.11, all payments of taxes and expenses occasioned by the death of either Trustor shall be charged against principal, without apportionment, irrespective of any apportionment statute or similar rule of law of any jurisdiction. Assets which are not includable in the estate of a Trustor for estate tax purposes shall not be used to make any such payments. No adjustment shall be made to compensate any beneficiary for the effect of any election under the tax laws on the interest of such beneficiary. Except as provided herein to the contrary, payment of taxes and expenses associated with the death of a Trustor shall be made as follows:

(a) At the deceased Trustor's death, from the Bypass Trust; provided, however, any such payment which is deducted for federal estate tax purposes shall be charged against the Qualified Trusts. The Trustee may make payments directly or through the personal representative of the deceased Trustor's estate. Despite the preceding, the Trustee shall charge (i) any increase in death taxes caused by a disclaimer against the disclaimed property and (ii) any increase in death taxes caused by not electing qualified terminable interest property treatment for property or a portion thereof which would otherwise qualify for the election against that property or portion.

(b) Upon the surviving Trustor's death, pro rata from the Survivor's Trust (unless the surviving Trustor directs otherwise by his will) and from the Qualified Trusts, subject to the provisions of subsection 7.2(e), based upon their respective values as finally determined for federal estate tax purposes with respect to the surviving Trustor's estate.

9.11 Recovery of Taxes. If the Trustee pays taxes out of the Trust Property, the Trustee shall not seek recovery from the beneficiaries. However, if a tax is attributable to property (a) over which the deceased Trustor had a power of appointment, (b) which is qualified terminable interest property, or (c) which the Trustor transferred within three (3) years of his death without adequate consideration (after appropriate credit for gift taxes paid on gifts made after December 31, 1976), such tax including interest and penalties shall be recovered from the person holding or receiving such property. If property under two or more of (a),

(b), and (c) is included, or more than one person has received or owns such property, the amounts thereof shall be aggregated to determine the total increase in taxes and such increases shall be prorated accordingly.

9.12 Generation-Skipping Taxes and Exemptions. If a trust hereunder would be partially exempt from the GST tax by reason of a GST tax exemption allocated to it, before the allocation, the Trustee shall divide the trust into two separate, identical trusts of equal or unequal value, to enable the person who is making the allocation to allocate the GST tax exemption solely to one trust which will be entirely exempt from the GST tax. In addition, if a trust hereunder is entirely exempt from the GST tax and adding property to the trust would partially subject it to such tax, the addition shall not be made and the property instead shall be held as a separate trust identical to the exempt trust. In both cases, the two trusts shall have the same terms and conditions, except that (a) upon the death of the beneficiary of the nonexempt trust, the balance of his trust shall first be distributed to the creditors of the beneficiary's estate as he provides in a written instrument, including his will, making specific reference to this power of appointment and (b) the Trustee shall not make discretionary distributions from the income or principal of the exempt trust to beneficiaries who are non-skip persons so long as any readily marketable assets remain in the non-exempt trust for such purposes and the Trustee shall not make any such distribution to skip persons from such non-exempt trust as long as any readily marketable amounts remain in the exempt trust for such purposes. If the Trustee considers that any distribution from a trust hereunder other than pursuant to a power to withdraw or appoint is a taxable distribution subject to the GST tax payable by the distributee, the Trustee shall augment the distribution by an amount which the Trustee estimates to be sufficient to pay the tax and shall charge the same against the trust to which the tax relates. If the Trustee considers that any termination of an interest in Trust Property hereunder is a taxable termination subject to the GST tax, the Trustee shall pay the tax from the Trust Property to which the tax relates, without adjustment of the relative interests of the beneficiaries.

9.13 Trustee's Reliance on Will and Power of Appointment. In determining whether a beneficiary has exercised a power of appointment granted to him hereunder, (a) the Trustee may rely on a will admitted to probate in any jurisdiction as the last will of a beneficiary or may assume the beneficiary had no will in the absence of actual knowledge of a will within three (3) months after his death or (b) the Trustee may rely on the last exercise of a power of appointment delivered to him pursuant to the provisions of this instrument as the last valid exercise of such power or may assume the beneficiary did not exercise such power of appointment if none has been delivered to him within three (3) months after the beneficiary's death.

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9.14 Disclaimer and Releases. A beneficiary entitled to any benefit, interest or power (collectively "benefit") respecting any trust created hereunder may disclaim or release that benefit in whole or in part. In addition to any other method of disclaimer or release recognized by law, a beneficiary may disclaim or release a benefit by delivering to the Trustee an acknowledged instrument to that effect. A personal representative of a deceased beneficiary is authorized to similarly disclaim or release any benefit of that deceased beneficiary, without court authorization or approval. If there is a disclaimer right to the income of a trust, such income shall then be distributed as if the person executing such disclaimer had died as of its effective date. However, if this instrument provides that such trust shall terminate upon the death of such person, the disclaimer, if it relates to all such income, shall be construed as a disclaimer of all benefits with respect to such trust, and such trust shall be deemed terminated, and all of its assets shall be disposed of as if such person had died as of the effective date of such disclaimer. The effective date of a disclaimer shall relate back to such prior time, if any, as of which the disclaimer benefit would otherwise irrevocably vest under the terms of this instrument in such person. After a distribution of any part of a benefit has once been accepted, a purported disclaimer of such benefit shall be treated as though it were a release. A partial disclaimer or release may take the form of a reduction or limitation of beneficiaries in whose favor it would otherwise be exercisable.

ARTICLE X: TRUSTEE SUCCESSION

10.1 Failure of Trustor(s) to Serve as Trustee. If either original Trustee resigns or ceases to act as Trustee for any reason, the other Trustee shall become sole Trustee, without the execution of any document. If neither Trustor is acting as Trustee for any reason, JACK, if able and willing, otherwise PATRICK shall serve as sole Trustee. Despite the foregoing, after the death of the surviving Trustor, each Beneficiary who has attained the Designated Age may serve as sole Trustee of his separate trust(s).

10.2 Appointment of Successor Trustee. Either Trustor may appoint a successor Trustee to fill any vacancy in the trusteeship by written instrument delivered to the person or corporation appointed; however, while both Trustors are competent, the appointment of a successor Trustee shall be by their joint consent. When neither Trustor is living and competent, JACK, if living and competent, otherwise PATRICK, if living and competent, otherwise KAREN K. SINCHAK may appoint a successor Trustee to fill any vacancy in the office of the Trustee by written instrument delivered to the Trustee so appointed. Despite the foregoing, after the death of the surviving Trustor, (a) each Beneficiary may appoint a successor Independent Trustee of his separate trust(s), and (b) each Beneficiary who has attained the Designated Age may

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appoint a successor Trustee, including a person who is not an Independent Trustee, of his separate trust(s).

10.3 Qualification of Successor Trustee. Any Independent Trustee appointed by a Beneficiary or his parent, guardian or conservator in accordance with subsection 10.2(a) shall be a corporation or a person who has attained the Designated Age. Any corporation appointed as a Trustee must be a corporation licensed to conduct trust business by any governmental authority; must have continuously exercised its trust powers for the last ten (10) years and have a capital and surplus of Ten Million Dollars ($10,000,000) or more. For purposes of qualification under this paragraph, a corporation is deemed to qualify if any affiliate (as defined by IRC Section 1504) qualifies. During any period in which a corporation is acting as Trustee, the corporate Trustee shall have custody of the assets of any trust created hereunder.

10.4 Removal of a Trustee. Either Trustor may remove any Trustee other than a Trustor by written instrument delivered to such Trustee; however, while both Trustors are competent, the removal of a Trustee shall be by their joint consent. Despite the foregoing, the surviving Trustor shall have no authority to remove an Independent Trustee of the Bypass Trust or the Disclaimer Trust. During the surviving Trustor's lifetime (with respect to the Bypass Trust and the Disclaimer Trust), during any period when neither Trustor is competent and after the surviving Trustor's death, JACK, if living and competent, otherwise PATRICK, if living and competent, otherwise KAREN K. SINCHAK may remove any successor Trustee by written instrument delivered to the Trustee removed. Despite the foregoing, after the death of the surviving Trustor, each Beneficiary may remove a successor Trustee of his separate trust(s) other than an Independent Trustee appointed by him pursuant to subsection 10.2(b).

10.5 Trustee's Resignation. Any Trustee may resign by giving thirty (30) days written notice to the Trustors, if both are competent, or to the surviving Trustor, if competent, otherwise to the beneficiary(ies) then entitled to receive or have the benefit of the income of the trust being administered by such Trustee and to such Trustee's successor as designated above, if applicable.

10.6 Severability. All provisions relating to the removal, resignation, and appointment of the Trustee shall apply individually with respect to any trust created hereunder.

10.7 Rights of Successor Trustee. Each successor Trustee shall have all rights and powers given to the original Trustees, and shall incur all of the duties imposed upon the original Trustees. No successor Trustee shall be personally liable for any act or omission of a predecessor Trustee. With the approval of the Trustors, if both are competent, or of the surviving and competent Trustor or, if none, of the majority of the beneficiaries then entitled to receive or have the benefit of the income from any

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trust created hereunder, a successor Trustee thereof may accept the account rendered and the property received as a full and complete discharge to the predecessor Trustee of such trust without incurring any liability for so doing.

10.8 Legal Disability. Except as expressly provided to the contrary, the parent, guardian or conservator (other than a Trustor) of a person (other than a Trustor) under legal disability shall receive notice and have authority to act for such person in exercising any rights and powers under this Article X.

10.9 Competency Requirement. Any person designated to serve or serving as a Trustee hereunder must be competent as defined in Article II in order to serve as Trustee.

ARTICLE XI: PROVISIONS GOVERNING TRUSTEES

11.1 Authority of Original Co-Trustees. During any period in which the two original Co-Trustees are serving, except as expressly provided herein to the contrary either Trustee may exercise the authority of the Trustee alone, without the consent of the other Trustee. It is the Trustors' intent by this section to give flexibility to their affairs, so that both of their signatures will not be required on trust transactions. Any person dealing with either original Trustee may rely on any act of that Trustee as having been duly authorized.

11.2 Appointment and Authority of Co-Trustees. Any Trustee serving alone may appoint one or more Co-Trustees if it appears prudent to do so and if such appointment is in compliance with Article X. Whenever there are two or more Co-Trustees other than the original Co-Trustees, all acts of the Trustee shall be by joint vote (in the case of two (2) Co-Trustees) or majority vote (in the case of three (3) or more Co-Trustees). A dissenting Trustee shall have no liability for carrying out the acts of the majority of the Co-Trustees.

11.3 Bond. No Trustee shall be required to give bond or surety or to be appointed by or account to any court for the administration of any trust created hereunder.

11.4 Trustee's Powers. With respect to each trust created hereunder, the Trustee shall have all powers granted by law and all powers which may be exercised by individuals owning similar property in their own right unless otherwise provided by this instrument. Without limiting the generality of the foregoing, but only by way of illustration, the following powers are set forth:

(a) To receive additions to the trust from any source, and to administer such additions according to the terms of this instrument;

(b) To retain indefinitely without liability for loss, any property or interest in property received in kind regardless of degree of risk, effect on diversification or unproductivity of the asset, and notwithstanding any law restricting investments by trustees;

(c) To manage, sell, exchange, lease, grant or exercise options to purchase and execute contracts concerning Trust Property for such considerations and upon such conditions and payment terms as the Trustee determines, without regard to the termination date of any trust; to provide for exoneration of the Trustee from personal liability in any contract;

(d) To invest and reinvest in bonds, notes, debentures, corporate stocks of any class, trust interests (including common trust funds and investment trusts), real estate or any other kind of real or personal property or business interest without being limited by any statute or rule of law concerning proper investments for trustees; to continue any unincorporated business or venture; to incorporate any business or venture; to assign undivided interests in investments to any separate trusts;

(e) To open, operate and maintain securities brokerage accounts and to hypothecate, borrow upon, purchase or sell securities in such accounts as the Trustee deems appropriate or useful; to buy and sell securities on margin or by puts and calls, such powers to be exercised only by an original Trustee and by no other Trustee;

(f) To hold securities in bearer form and to hold any property in its name as Trustee or in the name of a nominee without indication of any fiduciary relationship;

(g) To participate in the management of business enterprises as stockholder, partner or principal; to participate in any organization or reorganization of a business enterprise committing and transferring trust assets for such purposes; to vote stock by proxy or otherwise; to deposit or transfer securities to protective or voting committees or similar bodies; to exercise any options;

(h) To operate, improve or develop real estate; to construct, alter, raze, or repair buildings or structures on real estate; to partition, subdivide, dedicate to public use, grant easements or other rights with respect to or otherwise deal with real estate;

(i) To revocably delegate to any appropriate person any ministerial duties in connection with the rights and duties granted hereunder; to appoint an ancillary Trustee to act as Trustee with respect to any Trust Property situated in a jurisdiction in which the Trustee is unable or unwilling to act, such ancillary Trustee to have all the title, powers and discretions with respect to such

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property that are given to the Trustee (unless the Trustee stipulates otherwise) and to serve at the ongoing discretion of the Trustee; to revocably delegate to another Trustee, if any, any rights and discretions hereunder, including the power to sign checks, to give orders for the purchase and sale of securities and to have custody of trust assets;

(j) To retain such experts, including investment counsel, attorneys, appraisers, accountants, brokers, agents, custodians, and ancillary trustees as it deems appropriate for advice in the selection, maintenance and disposition of trust assets;

(k) To pay all costs and expenses of the trust and its property, including reasonable compensation to Trustee for its services; to charge the trust such additional reasonable fees for the special services and advice rendered in connection with the exercise of any power granted by this Article as described in its regularly published fee schedule, which additional fees may be collected from time to time without prior court approval;

(l) Consistent with all other provisions, to arbitrate, settle, compromise, contest, foreclose, extend or abandon claims or demands in favor of or against the trust or its assets;

(m) To borrow money at interest from any lender, including a Trustee hereunder, and to assume indebtedness and encumber Trust Property by mortgage or pledge;

(n) To decide, consistent with applicable rules of law, how and in what proportions any receipts or disbursements shall be credited, charged or apportioned as between principal and income, except as otherwise provided with respect to the Qualified Trusts;

(o) To enter into any transaction authorized by this article with trustees or personal representatives of other trusts or estates in which any beneficiary hereunder has an interest or which by its terms distributes to any trust established by this instrument, even though the Trustee also serves the other trust or estate in a fiduciary capacity and in any such transaction to purchase property, or make loans on notes secured by property, even though similar or identical property constitutes a large proportion of the balance of the Trust Property, and to retain any such property or note as if it had been received in kind as an addition to the Trust Property;

(p) To purchase and own life and/or disability insurance for any beneficiary or for any person in whom a beneficiary has an insurable interest; to continue in effect or to terminate any such insurance contract; to pay premiums or charges on such insurance from income or principal; however, no premium shall be charged against the income of the Survivor's Trust without the surviving Trustor's written consent, or from the Qualified Trusts; and to exercise any and all settlement options, rights or incidents of

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ownership Trustee may have over contracts of life insurance or other insurance; to purchase and pay premiums on health insurance for any beneficiary hereunder to whatever extent the Trustee deems reasonable to protect the Trust Property from risk of loss due to health care expenses;

(q) To determine the market value of any investment for any purpose on the basis of such quotations or information as Trustee deems pertinent and reliable;

(r) To distribute income and principal in cash or in kind, or partly in each, and to allocate or distribute undivided interests or different assets or disproportionate interests in assets among any trusts created hereunder, valuing such assets on the date of allocation or distribution, and no adjustment shall be made among the beneficiaries to compensate for a disproportionate allocation of unrealized gain for federal income tax purposes; to value the Trust Property and to sell any part or all thereof in order to make any allocation or distribution; and to add accumulated and undistributed income to principal from time to time;

(s) To satisfy written charitable pledges of a deceased Trustor irrespective of whether the pledges constituted binding obligations of such Trustor or were properly presented as claims, if in the judgment of the Trustee, such deceased Trustor would have wanted the pledges completed under the circumstances;

(t) To consolidate for investment and income tax purposes any separate trust created hereunder or under any other instrument with any other trust for the same beneficiary or beneficiaries containing compatible although not identical provisions, except for the Qualified Trusts, the Bypass Trust and the Disclaimer Trusts; and

(u) To make tax options, elections and allocations under any statute or rule of law as the Trustee deems prudent to minimize or eliminate taxes with respect to the combined estates of the Trustors upon the death of the first Trustor to die and with respect to the combined estates of the surviving Trustor, the deceased Trustor and any other beneficiary under this instrument following the death of the surviving Trustor, and no adjustments shall be made with respect to the interests of the beneficiaries to compensate for the effect of the Trustee's tax options, elections and allocations.

11.5 Trustee's Liability. Trustee shall be liable to the Trustors and to the beneficiaries under this instrument for any loss incurred in the exercise of powers or in the retention of investments authorized to be purchased by this Article XI if gross negligence or wilful misconduct is proven by affirmative evidence. The Trustee's exercise or non-exercise in good faith of any power

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FILE#8145

or discretion authorized by this instrument shall be conclusive and binding on all persons.

11.6 Third Persons Dealing with Trustee. No person shall be required to ascertain the authority of the Trustee to conduct any transaction, nor shall any person be responsible for the proper application of funds paid by him to the Trustee. Any person dealing with the Trustee shall be entitled to rely upon any act of the Trustee as having been duly authorized, and the receipt of the Trustee for payment shall be a full and complete discharge to the extent specified in the receipt.

11.7 Limitations on Trustee's Powers. In modification of the general powers granted to the Trustee, the following specific limitations apply and supersede all other provisions of this instrument:

(a) All powers must be exercised in a fiduciary capacity and the Trustee shall disclose any conflict of interest to the Trustors, if competent, or to the surviving Trustor, if competent, or if none, to the then current income beneficiary(ies).

(b) The Trustee shall not have control over life insurance contracts or other assets which designate the trust(s) as beneficiary. Unless ownership of any insurance policy or other asset has been transferred to the Trustee, the Trustee shall not be responsible for the payment of premiums or any other required payment relating to these assets and shall not have any contractual benefits of ownership. On receipt of proof of death of the insured and after receiving possession of the contracts or other assets, the Trustee shall use reasonable efforts to collect all sums payable thereunder. The Trustee shall not be required to prosecute any action to collect insurance or other assets nor to defend any action relating to insurance or other assets unless indemnified.

(c) The Trustee shall have no right of recovery against the owner's probate estate for proceeds of any contract that might have been diverted from the trust(s) by loans, assignments or changes of beneficiary designation or otherwise.

(d) As to the Qualified Trusts, the Trustee is to exercise all powers and discretion in such manner so as not to jeopardize the qualification of that trust for marital deduction purposes in the computation of estate taxes due from the estate of the first Trustor to die. In particular, when unproductive assets are included in the Qualified Trusts, the Trustee is directed to make the property productive or convert such property within a reasonable time, unless specifically directed otherwise by the surviving Trustor. The Trustee is also directed as to the Qualified Trusts to exercise its investment discretion in favor of acquiring income-producing assets; to exercise its discretion in the determination of doubtful principal-income classifications in favor of the income classification and to distribute all income.

(e) The Trustee shall not pay any expense occasioned by a Trustor's death, including medical and hospital bills, costs, debts and settlement costs if the Trustee, in his sole discretion, determines that any such expense was incurred in violation of the Trustor's living will, if any, in effect at such time.

11.8 Records and Accounting. The Trustee shall keep and maintain adequate books and records reflecting all income and principal transactions, such books and records to be kept open at all reasonable times to the inspection of the Trustors and the other beneficiaries (including vested remainder beneficiaries) hereunder and such beneficiaries' duly authorized representatives. The Trustee shall furnish at least annual statements of all transactions to the Trustors and to the income beneficiaries hereunder.

11.9 Relinquishment. A Trustee may relinquish any power or discretion granted to him by this instrument by delivering to the then living income beneficiary(ies) a written instrument relinquishing such power of discretion. Any act done or decision made pursuant to such written instrument shall not be subject to question or challenge by any person whomsoever. Such relinquishment shall be binding on the Trustee who relinquished the power or discretion but not on any successor Trustee unless the instrument relinquishing such power or discretion specifically provides otherwise. Any Trustee who has relinquished any power or discretion as provided for in this section may be reinstated as to such power of discretion by notification of such desire to the then income beneficiary or his guardian, unless the instrument relinquishing such power of discretion specifically provides otherwise.

11.10 Life Insurance. Notwithstanding any other provision of this instrument, if the surviving Trustor is the insured under a life insurance contract which was owned by the deceased Trustor and which has passed to the Trustee hereunder, the Trustee shall allocate such contract to the Bypass Trust. In addition, if the surviving Trustor is the insured under a life insurance contract which is owned by both Trustors and which has passed to the Trustee hereunder, the Trustee shall allocate any interest in such contract owned by the surviving Trustor to the Survivor's Trust and any interest in such contract owned by the deceased Trustor to the Bypass Trust. If the surviving Trustor is acting as a Trustee of the Bypass Trust, the Co-Trustee, if any, or the successor Trustee named above shall become the Special Trustee and shall have all powers of ownership of any such contract.

(a) The insurance company which has issued the contract is hereby authorized and directed to recognize the Special Trustee as the absolute owner of the contract, fully entitled to all options, rights, privileges, and interest; any receipts, releases and other instruments executed by the Special Trustee shall be

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SCHMERMAN
FILE#8145

binding and conclusive upon the insurance company and all persons interested in the contract and its proceeds.

(b) In the event that a Co-Trustee or successor Trustee is unwilling or unable to exercise the powers conferred upon it or if there is no successor Trustee named, then the surviving Trustor shall appoint an independent, third party as Special Trustee.

(c) While the surviving Trustor is acting as Trustee of the Bypass Trust, he shall execute any documents necessary or appropriate to implement the actions taken by the Special Trustee upon the request of the insurance company. The Trustee shall charge all premiums on contracts owned by the Special Trustee equally against each trust constituting the Bypass Trust, with charges to be made first to the income thereof, and if the income is insufficient, to the principal thereof. The Special Trustee is relieved of any responsibility to reduce such insurance contracts to its possession during the life of the surviving Trustor. Appropriate compensation shall be paid to the Special Trustee.

The rights, duties and obligations created hereunder and the terms and conditions of this instrument, except as otherwise set forth herein, shall inure to the benefit of and be binding upon the parties, their executors, personal representatives, administrators, successors and assigns. In witness whereof, the Trustors and Trustees have hereunto set their hands, on the date indicated and being first duly sworn, do hereby declare to the undersigned authority that they have signed and delivered this instrument as their free and voluntary acts, for the uses and purposes stated herein.

Charles E. Beauvais
CHARLES E. BEAUVAIS

Patricia M. Beauvais
PATRICIA M. BEAUVAIS

TRUSTORS

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SCHMERMAN
FILE#8145

SCHEDULE A
THE C AND P BEAUVAIS TRUST
(Community Property)

All tangible personal property of the Trustors (except for the Trustors' respective jewelry and clothing), including household furniture and furnishings.

Dated 5-2-91

Charles E. Beauvais
CHARLES E. BEAUVAIS

Patricia M. Beauvais
PATRICIA M. BEAUVAIS

TRUSTORS

SCHEDULE B
THE C AND P BEAUVAIS TRUST
(Separate Property of CHARLES E. BEAUVAIS)

Husband Trustor's jewelry and clothing

Dated 5-2-91

Charles E. Beauvais
CHARLES E. BEAUVAIS

Patricia M. Beauvais
PATRICIA M. BEAUVAIS

TRUSTORS

SCHEDULE C
THE C AND P BEAUVAIS TRUST
(Separate Property of PATRICIA M. BEAUVAIS)

Wife Trustor's jewelry and clothing

Dated 5-2-91

Charles E. Beauvais
CHARLES E. BEAUVAIS

Patricia M. Beauvais
PATRICIA M. BEAUVAIS

TRUSTORS

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FILE#8145

SCHEDULE D
THE C AND P BEAUVAIS TRUST
(Husband Trustor's Personal Property)

Pursuant to section 6.2 or 8.2 of this trust, the Trustee shall distribute the items described below to the person(s) named and at the time designated.

ITEM	PERSON TO RECEIVE ITEM	1	or 2
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			
13.			
14.			
15.			
16.			
17.			
18.			
19.			
20.			
21.			

NOTE: Items checked under #1 are to be distributed on the husband Trustor's death and items checked under #2 are to be distributed only after both Trustors are deceased.

Dated _____

_____
CHARLES E. BEAUVAIS

HUSBAND TRUSTOR

SCHEDULE E
THE C AND P BEAUVAIS TRUST
(Wife Trustor's Personal Property)

Pursuant to section 6.2 or 8.2 of this trust, the Trustee shall distribute the items described below to the person(s) named and at the time designated.

ITEM	PERSON TO RECEIVE ITEM	1	or 2
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			
13.			
14.			
15.			
16.			
17.			
18.			
19.			
20.			
21.			

NOTE: Items checked under #1 are to be distributed on the wife Trustor's death and items checked under #2 are to be distributed only after both Trustors are deceased.

Dated _____

_____
PATRICIA M. BEAUVAIS

WIFE TRUSTOR

SCHEDULE F
THE C AND P BEAUVAIS TRUST

Pursuant to section 8.3 and/or 8.4 of this trust, the Trustee shall allocate an amount equal to Fifty Percent (50%) of the Net Trust Property to separate shares for the benefit of the person(s) named below, in the percentages indicated opposite their names:

Percentage	Name
33 1/3%	Agnes Beauvais Labelle, if living, otherwise John Guy Labelle, if living
33 1/3%	Marcia Hanford Perryman, if living, otherwise her surviving children
33 1/3%	Pierre V. Perryman

Dated May 2, 1991

Charles E. Beauvais
CHARLES E. BEAUVAIS

Patricia M. Beauvais
PATRICIA M. BEAUVAIS

TRUSTORS

SCHEDULE F
THE C AND P BEAUVAIS TRUST

Pursuant to section 8.3 and/or 8.4 of this trust, the Trustee shall allocate an amount equal to Fifty Percent (50%) of the Net Trust Property to separate shares for the benefit of the person(s) named below, in the percentages indicated opposite their names:

Percentage	Name
100%	

Dated _____

_____
CHARLES E. BEAUVAIS

_____
PATRICIA M. BEAUVAIS

TRUSTORS

ACC014612
SCHMERMAN
FILE#8145

SCHEDULE G
THE C AND P BEAUVAIS TRUST

Pursuant to section 8.3 and/or 8.4 of this trust, the Trustee shall distribute the annual income from THE C AND P BEAUVAIS FOUNDATION to the charitable organizations described below, in the percentages indicated opposite their names:

Percentage	Name
33 1/3%	The Cenacle 314 Cenacle Road Lake Ronkonkoma, New York 11779
33 1/3%	Franciscan Friars St. Anthony's Seminary Santa Barbara Province Santa Barbara, California, to used for the education of seminarians
33 1/3%	The Phoenix Zoo 5810 East Van Buren Phoenix, Arizona 85008, to be used to improve the environment of the animals
100%	

Dated May 2, 1991

Charles E. Beauvais
CHARLES E. BEAUVAIS

Patricia M. Beauvais
PATRICIA M. BEAUVAIS

TRUSTORS

SCHEDULE G
THE C AND P BEAUVAIS TRUST

Pursuant to section 8.3 and/or 8.4 of this trust, the Trustee shall distribute the annual income from THE C AND P BEAUVAIS FOUNDATION to the charitable organizations described below, in the percentages indicated opposite their names:

Percentage	Name
100%	

Dated _____

_____
CHARLES E. BEAUVAIS

_____
PATRICIA M. BEAUVAIS

TRUSTORS

ACC014614
SCHMERMAN
FILE#8145

FIRST AMENDMENT TO THE "C AND P BEAUVAIS TRUST" Dated May 2, 1991

On May 2, 1991, CHARLES E. BEAUVAIS and PATRICIA M. BEAUVAIS, as Trustors and Trustee did create the "C AND P BEAUVAIS TRUST". Pursuant to Article III, Powers Reserved by the Trustors, surviving Trustor, PATRICIA M. BEAUVAIS hereby declares the following to be a First Amendment to said Trust Agreement.

FIRST: Surviving Trustor does hereby delete Article VII, Section 7.1 in its entirety, and hereby substitute the following to wit:

"ARTICLE VII

ADMINISTRATION OF TRUST PROPERTY FOR SURVIVING TRUSTOR

7.1 Survivor's Trust. The Trustee shall distribute the Survivor's Trust as the surviving Trustor directs. During any period in which the surviving Trustor is incompetent, the Trustee shall from time to time distribute such amounts of the Survivor's Trust as the Trustee determines appropriate for the health care, maintenance, support and welfare of the surviving Trustor, and anyone (other than the Trustee) dependent upon the surviving Trustor. Distributions may be made for the income or principal of the Survivor's Trust as the Trustee determines appropriate. Upon the death of the surviving Trustor, the balance of the Survivor's Trust shall be distributed in shares substantially equal as to value among PIERRE V. PERRYMAN, MARSHA HANFORD PERRYMAN (if living, otherwise to her surviving children in shares substantially equal as to value), and AGNES BEAUVAIS LABELLE (if living, otherwise JOHN GUY LABELLE)."

SECOND: Surviving Trustor does hereby delete Article X, Section 10.1 in its entirety, and hereby substitutes the following to wit:

"ARTICLE X

TRUSTEE'S SUCCESSION

10.1 Authority of Trustor(s) to Serve as Trustee. If either original Trustee resigns or ceases to act as Trustee for any reason, the other Trustee shall become sole Trustee, without the execution of any document. If neither Trustor is acting as Trustee for any reason, JACK (JOHN A. BRUSO) if able and willing, otherwise, PATRICK THATCHER, shall serve as sole Trustee. Despite the foregoing, after the death of the surviving Trustor, each beneficiary who has attained the Designated Age, may serve as sole Trustee of his separate Trust(s). As regards the Survivor's Trust, upon the failure of PATRICIA M. BEAUVAIS to act as Trustee for any reason, then RICHARD SCHMERMAN shall serve as First Successor Trustee, and if for any reason, he is unable to serve, then JOHN A. BRUSO shall serve as Second Successor Trustee."

In all other respects, surviving Trustor PATRICIA M. BEAUVAIS confirms her Trust Agreement, reserving unto herself the right to further amend or revoke the same and this Amendment thereto.

IN WITNESS WHEREOF, PATRICIA M. BEAUVAIS has hereunto set her hand as surviving Trustor and Trustee, all on this 20th day of June, 1997.

TRUSTEE:

Patricia M. Beauvais
PATRICIA M. BEAUVAIS

TRUSTOR:

Patricia M Beauvais
PATRICIA M. BEAUVAIS

ACC014616
SCHMERMAN
FILE#8145

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing Trust Amendment was acknowledged before me this 28th day of June, 1997, by PATRICIA M. BEAUVAIS as Trustee, for the purposes contained therein.

Notary Public

My Commission Expires:

9-18-1998

OFFICIAL SEAL
RONALD G. WILSON
Notary Public - State of Arizona
MARICOPA COUNTY
My comm. expires Sept. 18, 1998

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing Trust Amendment was acknowledged before me this 28th day of June, 1997, by PATRICIA M. BEAUVAIS as Trustor, for the purposes contained therein.

Notary Public

My Commission Expires:

9-18-1998

OFFICIAL SEAL
RONALD G. WILSON
Notary Public - State of Arizona
MARICOPA COUNTY
My comm. expires Sept. 18, 1998

ACC014617
SCHMERMAN
FILE#8145

1997-16646-1

SECOND AMENDMENT TO
THE C AND P BEAUVAIS TRUST, DATED MAY 2, 1991

On May 2, 1991, CHARLES E. BEAUVAIS and PATRICIA M. BEAUVAIS, as Trustors and Trustees did create the "C AND P BEAUVAIS TRUST". Pursuant to Article III, Powers Reserved by the Trustors, surviving Trustor, PATRICIA M. BEAUVAIS hereby declares the following to be a Second Amendment to sais Trust Agreement.

FIRST: I hereby amend Section 7.1 of Article VII of that trust agreement to read as follows:

7.1. Survivor's Trust. The Trustee shall distribute the Survivor's Trust as the surviving Trustor directs. During any period in which the surviving Trustor is incompetent, the Trustee shall from time to time distribute such amounts of the Survivor's Trust as the Trustee determines appropriate for the health care, maintenance, support and welfare of the surviving Trustor, and anyone (other than the Trustee) dependent upon the surviving Trustor. Distributions may be made for the income or principal of the Survivor's Trust as the Trustee determines appropriate. Upon the death of the surviving trustor, the balance of the Survivor's Trust shall be distributed in accordance with the attached Schedule F with the most recent date, in the percentages indicated thereon; provided, except, if an individual named or described thereon is not then living, his or her share shall lapse and shall instead be disposed of as part of the residue of the estate.

SECOND: I hereby amend Section 8.3 of Article VIII of that trust agreement to read as follows:

8.3 Consolidation of all Trusts upon death of Surviving Trustor. Upon the death of the last Trustor to die, the Trustee shall consolidate any assets from the Bypass Trust, the QTIP Trust, GST Exempt Trust and the Survivor's Trust and administer the entire Trust Estate in accordance with the attached Schedule F with the most recent date, in the percentages indicated thereon; provided, except, if an individual named or described thereon is not then living, his or her share shall lapse and shall instead by disposed of as part of the residue of the estate.

THIRD: I hereby revoke and delete Section 8.4 of Article VIII in its entirety.

FOURTH: I hereby amend Section 8.5 of Article VIII of that trust agreement to read as follows:

8.4 Disaster Clause. In the even that the provisions of Section 8.1 through 8.3 fail to provide for the administration and distribution of any or all of the Trust Estate, at such time as such event shall occur, as to any such portion of the Trust Estate, the Trust shall terminate and the Trustee shall then pay over and distribute the remaining principal and income of such portion by allocating one-half to the heirs of CHARLES E. BEAUVAIS and one-half to the heirs of PATRICIA M. BEAUVAIS.

FIFTH: I hereby amend Section 9.8 of Article IX of that trust agreement to read as follows:

9.8 Determination of Incompetency. The determination of incompetency of a Trustor or a Trustee under this instrument shall be made based upon a written statement by (a) a Trustor who is competent or, if none, RICHARD SCHMERMAN, if living and competent, and (b) a physician, psychologist, or other licensed health care professional who is reasonably trained and experienced in dealing with incompetency and who is familiar with the person's condition. No person shall participate in the determination of his own competency and the Trustee may rely upon such written statement.

SIXTH: I hereby amend Section 10.1 of Article X of that trust agreement to read as follows:

10.1 Authority of Trustor(s) to Serve as Trustee. If either original Trustee resigns or ceases to act as Trustee for any reason, the other Trustee shall become sole Trustee, without the execution of any document. If neither Trustor is acting as Trustee for any reason, RICHARD SCHMERMAN if able and willing, otherwise, GARY FREED, shall serve as sole Trustee. As regards to Survivor's Trust, upon the failure of PATRICIA M. BEAUVAIS to act as Trustee for any reason, then RICHARD SCHMERMAN shall serve as First Successor Trustee, and if for any reason, he is unable to serve, then Gary Freed shall serve as Second Successor Trustee.

SEVENTH: I hereby revoke in its entirety Section 10.4 of Article X of that trust agreement

In all other respects, I confirm and readopt the remaining provisions of that trust agreement, reserving myself the right to amend further that trust agreement and this amendment thereto myself.

Dated: July 5, 2005.

Patricia M. Beauvais, Trustor

Patricia M. Beauvais, Trustor

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SCHMERMAN
FILE#8145

The undersigned acknowledge receipt of and consent to the foregoing amendment as of the day and year last above written.

Patricia M. Beauvais, Trustee
Patricia M. Beauvais, Trustee

STATE OF ARIZONA)
) SS.
County of Maricopa)

This instrument was subscribed and acknowledged before me this 5th day of July, 2005, by Patricia M. Beauvais, as trustor, for the purposes contained therein.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Tina M. Ramirez
Notary Public

My Commission Expires:
November 27, 2005

TINA M. RAMIREZ
NOTARY PUBLIC-ARIZONA
MARICOPA COUNTY
My Commission Expires
November 27, 2005

STATE OF ARIZONA)
) SS.
County of Maricopa)

This instrument was subscribed and acknowledged before me this 5th day of July, 2005, by Patricia M. Beauvais, as trustee, for the purposes contained herein.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Tina M. Ramirez
Notary Public

My Commission Expires:
November 27, 2005

TINA M. RAMIREZ
NOTARY PUBLIC-ARIZONA
MARICOPA COUNTY
My Commission Expires
November 27, 2005

ACC014620
SCHMERMAN
FILE#8145

SCHEDULE F

THE C AND P BEAUVAIS TRUST

Pursuant to section 7.1 and/or 8.3 of this trust, the Trustee shall allocate an amount equal to One Hundred Percent (100%) of the Net Trust Property for the benefit of the below named, in the percentages indicated opposite their names:

Percentage	Name
2	St. Lawrence Seminary
100%	

Dated July 05, 05

Patricia M. Beauvais
PATRICIA M. BEAUVAIS

* In the event Pierre V. Perryman predeceases me, his portion shall be divided among his then living children.

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Diversified Financial

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Company Reports from Dun & Bradstreet

Ameritrade

Especially when it comes to fees.

GET STARTED

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Connection Visualizer - Click an icon below to explore!

Richard M Schmerman

~~Owner~~ (Inactive)

~~Accountant~~ (inactive)

Layout: View Large Format | Circular | Tree | ISOM | EfficientSugiyama | CompoundFDP

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Especially when it comes to fees.

GET STARTED

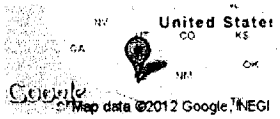
Diversified Financial

Diversified Financial has a location in **Phoenix**, **AZ**. Active officers include **Richard M Schmerman**. The company's line of business includes *Financial Advisory Investment Management*.

direct dial: (602) 224-6040

Category: Financial Advisory Investment ManagementInvestment offices, nec

Source: Dun & Bradstreet last refreshed 11/25/2011



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DELTA

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Officers at Diversified Financial

Click on to the left of the name to see the Connection Visualizer.

Richard M Schmerman — Phoenix, AZ

ACC014622
SCHMERMAN
FILE#8145

8/18/09

Called Richard Schmerman, Trustee, for a status update. Secretary said Richard is on the phone. She will give him message.

Richard called me back —

EXHIBIT 5.25b ADMITTED

Estate sold Hse at end of May. Will Donate car to school now school has started. Will have furniture sale as part of estate sale. — furniture is on consignment.

Hse offered at '395,000 — sold at '395,000. Still have expenses to be paid regarding house.

Needs to do 5 yrs of Taxes — Estate owes lots of $$. Had Home Health Care & used IRA to pay Expenses. Needs to ~~[illegible]~~ pay IRA. Taxes.

Only assets — Hse, car, furniture.

* Expects to make 30% Distribution in Nov.

Net Distributable Amt = 250 K — Own 2% will be about 5-6 K.

ACC014623
SCHMERMAN
FILE#8145

1 1/2 yr. 24 Hr. Care —

--> last updated by PENNY 01/19/2006 14:26:04 <--
05/18/2006 CATHYD Par# 8 DEATH <your mom Eleanor Huff>

Was Richard's client since 1990.
Sold Hse on 1031 Exchange in
8 Days
Mostly has paperwork to do.
Only money left at death was
IRA to pay medical care - &
Hse. No money in Estate except
to pay utility Bills - Rest worked on
the come.
Van (Car) fitted w/ Hand Brakes. ~~Car~~ Van
Donated to school w/ Handicapped Kids.
Patricia had degenerative legs & nerve
damage for 10 yrs or so.
Richard really loved Patricia -
wonderful lady.
Gave $$ to lots of charity -
Conscious decision w/ Richard to
donate ~~a~~ a little to lots of charities.
Patricia lived in house for over
30 yrs. Really lucky they sold House -
Only 2 Houses sold in Neighborhood
since 2008.

ACC014624
SCHMERMAN
FILE#8145

DLW.

6/25/10
Called Richard Schmerman, Trustee for an update. His secretary took a message & said she would have him call me. DLW/ab

6/25/10
Richard returned a call to SLS office after hours and left a message that he would contact Dan on Monday on his cell phone.

6/28/10
Dan advised that he had received a call from Rick Schmerman. Rick advised that SLS's share is about 5-6K and that it should be distributed around the 1st of November. He further advised that the house was sold for the asking price on a 1031 exchange.
DLW/ab

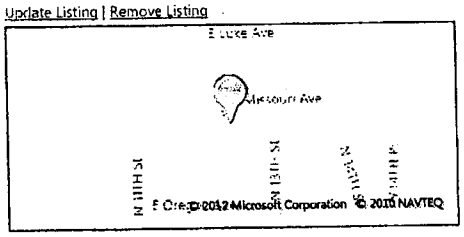
2/22/11 Called Richard. He was out of office - Secretary took call & said she would give him message to call me. DLW

2/21 phone disconnected
call cops? AC?
Send letter

FIRST: Richard LAST: Schmerman CITY: STATE: Arizona Search

Richard M Schmerman
5312 N 12th St #301
Phoenix, AZ 85014
(602) 957-4845
Add to Address Book | Map | Driving Directions

Update Listing | Remove Listing



MORE INFORMATION ON Richard M Schmerman

- (602) 957-4845 is a Land Line phone.
- The local time is 10:32 AM.
- Location: Phoenix, AZ

Find More Information for Richard M Schmerman

Get Detailed Background Information
Run a Background Check on Richard M Schmerman

Verify Public Records
Does Richard M Schmerman Have any civil court records?

View Property & Area Information
What is this property worth?

Get Complete Address History
Find Richard M Schmerman address history

Email and Unlisted Phone Lookup
Find Richard M Schmerman's Email Address & Unlisted Number.

Public records found for Richard Schmerman **with current & verified Phone & Address**

INTELIUS

First Name	Last Name	City	State	
Richard	Schmerman	Phoenix	Arizona	Get Results

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Spoke 2/23/11 5-5 mo Total our share
w/ Schmerman No inv. / No AC.

10/21/11 out of office - left message

DOD 9/27/07

Succ. Trustee

Was to have made 2,500 Dist 3/11/11

Redacted Copy.

Bryan Levy -
[redacted]

Called
2/20/12
2/23/12
(over)

ACC014626
SCHMERMAN
FILE#8145

Bryan Levy called Buch late 2/23/12.
He said he does not know the status of
the Beavers estate & would like to
know himself & to close this Estate.
He said he has a call into
Schmerman & will let me know what
he finds out. I did inform Levy that
we are considering filing a police
report and/or District Attorney's
office.

DLW

2/23/11 Estate of Patricia Berubis

Richard Schermann, PR of the above Estate returned my call today. He said that he intends to make a partial distribution in early March. Amt will be about $2,500. He said total distribution should be $5,000 - $5,500. He still is in process of preparing tax returns for Patricia - she did not file for her last five years. He is also in process of selling coins & other like items.

He said house sold net for $360,000. He said house was 99.5% of Estate. He said Patricia was bedridden since 2006 & had aides & assistants help her. - final Expenses include back payment of taxes. He said amt owing is $70,000 - Patricia had cashed in several IRA's & never paid taxes on the withdrawals.

I asked for an inventory & accounting. Richard said no one had asked for an inventory before but he will prepare one and mail it to us. He also said that he is not done with his account.

DLW

ACC014628
SCHMERMAN
FILE#8145

10/21/11
Called & left message for Richard. (over)
He was out of office. DLW

3/6/12

Called + left message for Atty Levy. Asked for courtesy of update from 2/23/12 call.

Left 2nd message a few minutes later asking for completed copy of Schedule F and any inventory and/or accounting that he may have in his possession.

Possible Bar Complaint?

3/20/12

Spoke to Paul Huynh (Huynh) at AZ Corporate Commission Re: Schmerman case. He could not & would not reveal what he considered confidential info (whatever that is)

His phone # is 602-542-0908. Email is PHuynh@azcc.gov He said Henrich is scheduled for 6/25-6/29. He said restitution would be a requirement of any agreement.

Paul disclosed little but was very interested in the info I had + he also directed me to Line 44 of the amended notice whereby Schmerman named himself as a beneficiary of the Trust 2yrs after Bernie's death. He asked me if I knew this or had information on this. He did indicate that some of their records are incomplete.

He also confirmed that this hearing is akin to a civil action and that it would be appropriate for me to file a complaint with the Arizona AG (across the street) & with the Police.

(Huynh)

ACC014629
SCHMERMAN
FILE#8145

Report Profile = Visits Created on = 06/27/2006 by = DAN Updated on = 03/06/2012 by = DAN
Status = 1, 3
Zip Code = 85201-85299
Summary
Report includes Unrestricted and Restricted only
Transactions between 01/01/2002 and 02/08/2012
Transactions between $1,500.00 and $99,999,999.99
Report only includes transactions between the dates above
Total records selected = 6

I will meet w/ Paul on 3/29 at 1:30 pm - He is at 1300 W. Washington St, 3rd Floor, Phoenix, 85007.

Need to ask = What is privileged? And what is amount they know of to be the value of the Benvenis trust? Amount stolen? Get copy of Sch F!
Finra - should I report? - action has been ordered.

Ruth Gunston Estate
5th & Jefferson.
Alan Baskin - Bade & Baskin
His father

ACC014630
SCHMERMAN
FILE#8145

St. Lawrence Seminary
Donor Summary

09/10/2008	10:37 AM	CEIL	Report 110INFD	Page 1 of 1

Account #	Donor Address	Profile	Phone Numbers
000327782	~~Charles and~~ Patricia Beauvais [redacted] [redacted], AZ[redacted]	**CRFA :** L1-21-99-20 **Status :** 97 - Deceased Donor **Record Type :** 1 - Individual **Donor Type :** 1 - Donor **Gender :** Not Known	**Home :** [redacted] **Work :** **Cell :** **Fax :** **Birthday** [redacted] (Mrs.)

Acquired Date : 08/07/1995 **Acquired on Appeal :** 95BFAQ - Mar Eng Cold **Acquired Source :** ASIAN - Asian Relief Active Donors

Attributes : BLDG, CARDS, CMASCD, NORENT, PLUS60, PLUS70, PREM, SEMGEN

	Most Recent Gift Dates	This Year Count	This Year Revenue	Last Year Count	Last Year Revenue	Lifetime Count	Lifetime Revenue	Archive Count	Archive Revenue
Unrestricted:	01/17/2007	0	0.00	0	0.00	39	1140.00	0	0.00
Designated:		0	0.00	0	0.00	0	0.00		
Masses:		0	0.00	0	0.00	0	0.00	39	1140.00 <- Total
							Mailing Total:	124	

Note: 09/10/2008 10:31 (010-ceil) we are named as a beneficiary of The C and P Beauvais Trust dated May 2, 1991 teh Successor Trustee is Mr Richard M. Schmerman of Diversified Financial 5312 North 12th St, Suite 301 Phoenix, AZ 85014 - 602-224-6040 Office and 602-266-5307 fax -- Atty Bryan K Levy 80 East Columbus Ave Phoenix, AZ 85012 is legal counsel to Mr. Schmerman
flagged Charles and Patricia deceased, even though nothing was mentioned.
07/11/2006 03:48 (046-penny) - Letter #76 Library I - Paragraph #26 ILLNESS OF LOVED ONE <yur brother Pierre>
04/18/2006 PENNY Par# 12 REQUEST FOR A WANT <prayer book>

LAW OFFICE OF BRYAN K. LEVY
ATTORNEY AT LAW
80 EAST COLUMBUS AVENUE
PHOENIX, ARIZONA 85012

TELEPHONE (602) 264-4965
FAX (602) 277-0144

August 20, 2008

St. Lawrence Seminary
301 Church Street
Mount Calvary, WI 53057

Re: Estate of Patricia M. Beauvais

Dear St. Lawrence Seminary:

Please be advised that I am legal counsel to Richard M. Schmerman, (Diversified Financial) the Successor Trustee of The C and P Beauvais Trust, Dated May 2, 1991. Pursuant to the terms of the Trust Agreement, you were named as a beneficiary and will be eligible for a distribution from the Trust.

Any monetary distribution from the Trust will occur after the Successor Trustee has accumulated and liquidated the assets of the estate and following the administration of all estate expenses. The administration of the estate will include all legal and regulatory filings, sale of the residence and the filing of personal and fiduciary income tax returns for Patricia M. Beauvais. Presently, Mr. Schmerman is continuing his efforts to fulfill his duties as Successor Trustee in an expeditious manner.

The Successor Trustee can be reached at the following address and telephone number:

Mr. Richard M. Schmerman
Diversified Financial
5312 North 12th Street, Suite 301
Phoenix, Arizona 85014
(602) 224-6040 Office
(602) 266-5307 Fax

A copy of the Trust Agreement is available upon request. Please contact me to request a copy of the Trust Agreement.

Very truly yours,

Bryan K. Levy

Bryan K. Levy

BKL/ao
cc: Richard Schmerman

ACC014632
SCHMERMAN
FILE#8145

Doc + DOD requested per phone call 9/15/08

Dan Woehrer

From: Ceil Schaefer **Sent:** Tue 9/23/2008 1:33 PM
To: Dan Woehrer
Cc:
Subject: Atty Brian Levy phone call
Attachments:

Hi,

Brian Levy (Patricia Beauvais estate) returned your call from last week (you have a note on the bottom of his letter 'DOC and DOD requested per phone call 9/15/08).

I told him you were driving and he gave me his private (I think) number. [redacted]. He was in court last week. Would you call him?

Thanx,

10/10/08 -
Called Brian Levy again. He is out of the office until Monday & secretary would only take name & phone #. She said she would have Brian call me Monday.
DLW

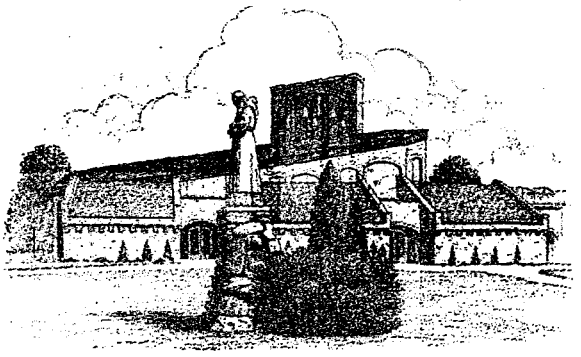
Ceil Schaefer
Saint Lawrence Seminary
Mount Calvary, WI 53057
1-920-753-7503

9-23-08
Phone call for Dan from Brian

[redacted]

9/23 3:45
Dan - voice message
9:23
he called Atty Brian Levy - Atty will send the info next week.

ACC014633
SCHMERMAN
FILE#8145



Saint Lawrence Seminary • Since 1857

301 Church Street • Mt. Calvary, Wisconsin • 53057-0505
(920)-753-7503

October 16, 2008

Mr. Bryan K. Levy
Law Office of Bryan K. Levy
80 East Columbus Avenue
Phoenix, Arizona 85012

Re: Estate of Patricia M. Beauvais

Dear Mr. Levy,

This letter is a follow-up to my phone call request of September 15, 2008 asking for a copy of the Patricia M. Beauvais Trust, as well as her date of death.

Additionally, please note that if Saint Lawrence Seminary is designated as a residual beneficiary, at the conclusion of the administration of the estate and trust of Ms. Beauvais, we will want a copy of the estate/trust Inventory, a copy of the accounts, and the plan for distribution. It is our policy to not provide a receipt for any distributions or release for any liability unless the above documents are received by us and, upon review, are deemed satisfactory.

If you have any questions about the above, please do not hesitate to contact me at 920-948-0795.

I look forward to hearing from you soon.

Sincerely,

Daniel L. Woehrer, JD
Special Assistant to the Rector

CC: Richard M. Schmerman

ACC014634
SCHMERMAN
FILE#8145

LAW OFFICE OF BRYAN K. LEVY
ATTORNEY AT LAW
80 EAST COLUMBUS AVENUE
PHOENIX, ARIZONA 85012

TELEPHONE (602) 264-4965
FAX (602) 277-0144

March 2, 2009

Saint Lawrence Seminary
301 Church Street
Mt. Calvary, WI 53057-0505

Re: Estate of Patricia M. Beauvais

Dear Saint Lawrence Seminary:

Please be advised that the residence of Patricia Beauvais will be listed for public sale on or after April 1, 2009. The property is located at [redacted], Arizona[redacted] The beneficiaries of Mrs. Beauvais estate are being given the opportunity to make a written offer to purchase the residence before the property becomes available to the general public. The offer price to purchase the property is $395,000 and this offer will remain open until the close of business on March 31, 2009, unless a written offer to purchase has been made by a beneficiary and accepted by the Successor Trustee, Richard Schmerman.

Please be further advised that a virtual tour of the property can be located at www. onview360.com/1811. A copy of the Notice of Valuation for the residence issued by the Maricopa County Assessor's office for the year 2010 is attached for your review. The Successor Trustee can be reached at the following address and telephone number:

Mr. Richard M. Schmerman
Diversified Financial
5312 North 12th Street, Suite 301
Phoenix, Arizona 85014
(602) 224-6040 Office
(602) 266-5307 Fax

Please note that an Estate Sale will be held at the residence on March 12, 13 and 14, 2009. Please contact Mr. Schmerman or myself if you have any questions regarding the above. Thank you for your prompt attention.

Very truly yours,

Bryan K. Levy

BKL/ao
cc: Richard M. Schmerman

KEITH E. RUSSELL, MAI
MARICOPA COUNTY ASSESSOR
301 W. JEFFERSON
PHOENIX, AZ 85003-2196

Parcel ID:
Book Map Parcel
[redacted]

2010 PROPERTY VALUATION
THIS IS NOT A TAX BILL

1553 1653 *********AUTO**5-DIGIT 85005
TO: BEAUVAIS PATRICIA M TR
[redacted]
[redacted] AZ [redacted]

Dear Property Owner:

This is your "Notice of Valuation" for the 2010 tax year and the Assessor's Office has valued your property at **$406,300.**

The valuations found below reflect our ongoing effort to reflect market conditions. We strive to meet our statutory requirements and in accordance with the statutory mandates be accurate and fair with all valuations. If you believe your property has an error in either classification or valuation, you have an option to file an appeal. The appeal instructions can be found on the back of this notice. I have also included an insert with a personal message talking about the changing residential property market, and a statement about residential rentals which are required by state statutes to accompany this notice.

Please review all of the information found on the front and back of this notice. If you have any questions or need additional information, please call 602-506-3406 for assistance or visit our website at www.maricopa.gov/assessor.

Thank you for this opportunity to serve you.

Sincerely,

Keith E. Russell, MAI
Maricopa County Assessor

NOTICE DATE:	NOTICE OF VALUATION	APPEAL DEADLINE:
February 20, 2009	THIS IS NOT A TAX BILL	April 21, 2009

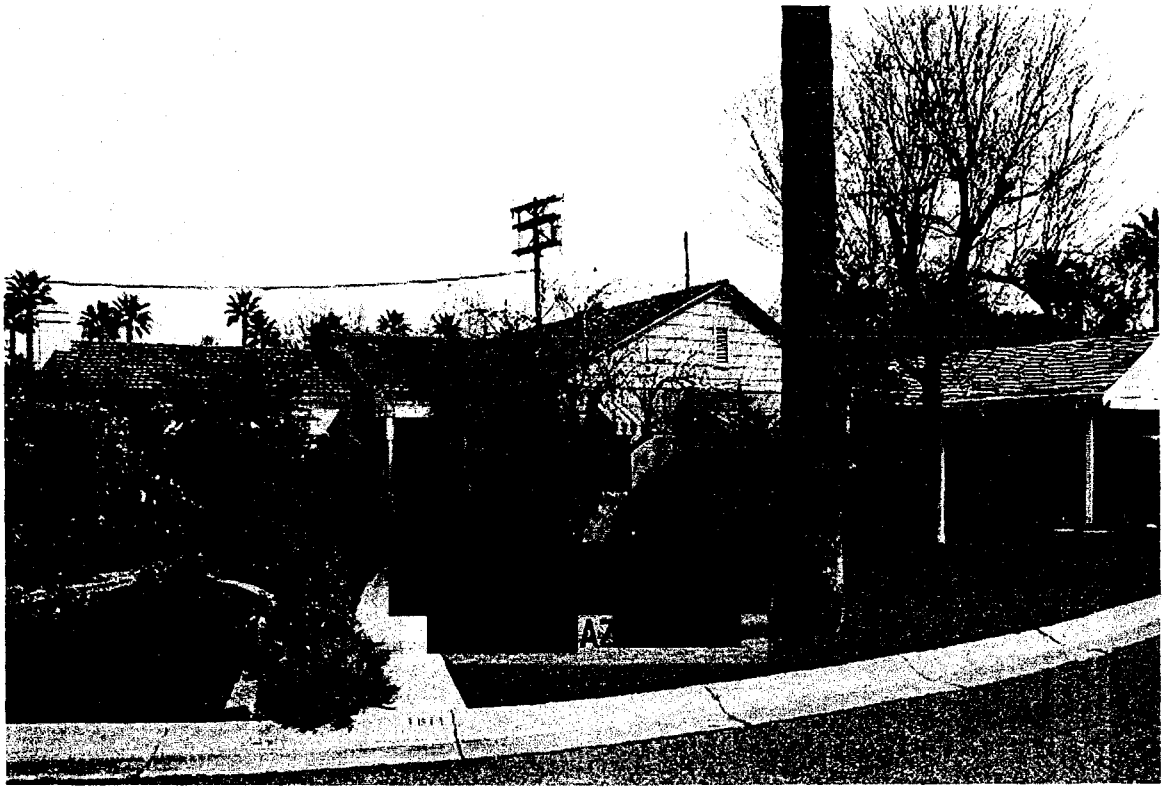
Parcel ID:
Book Map Parcel
[redacted]

2010 VALUATIONS

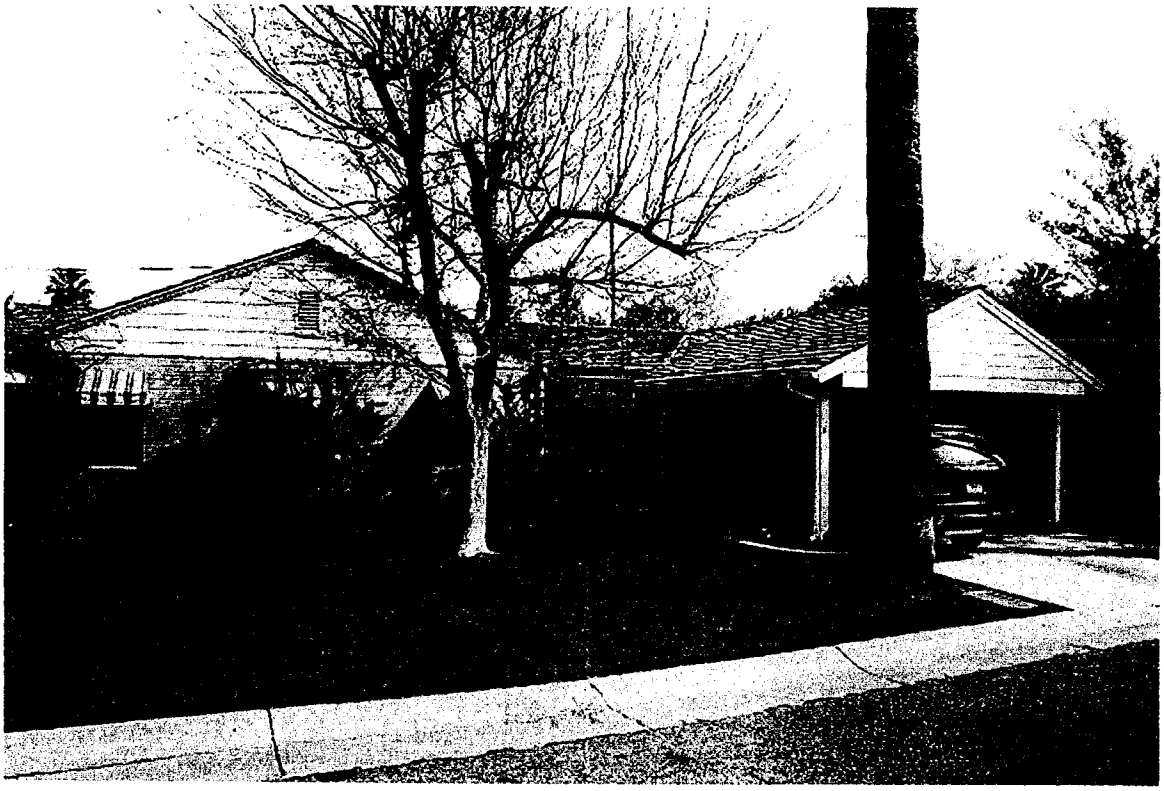
	Legal Class	Value	Assessment Ratio	Assessed value	Legal Class
TOTAL FCV *	6	406,300	5.0	20,315	6
TOTAL LPV **	6	406,300	5.0	20,315	6

Legal Description: [redacted] TWNS/BLOCK: R/

ACC014636
SCHMERMAN
FILE#8145

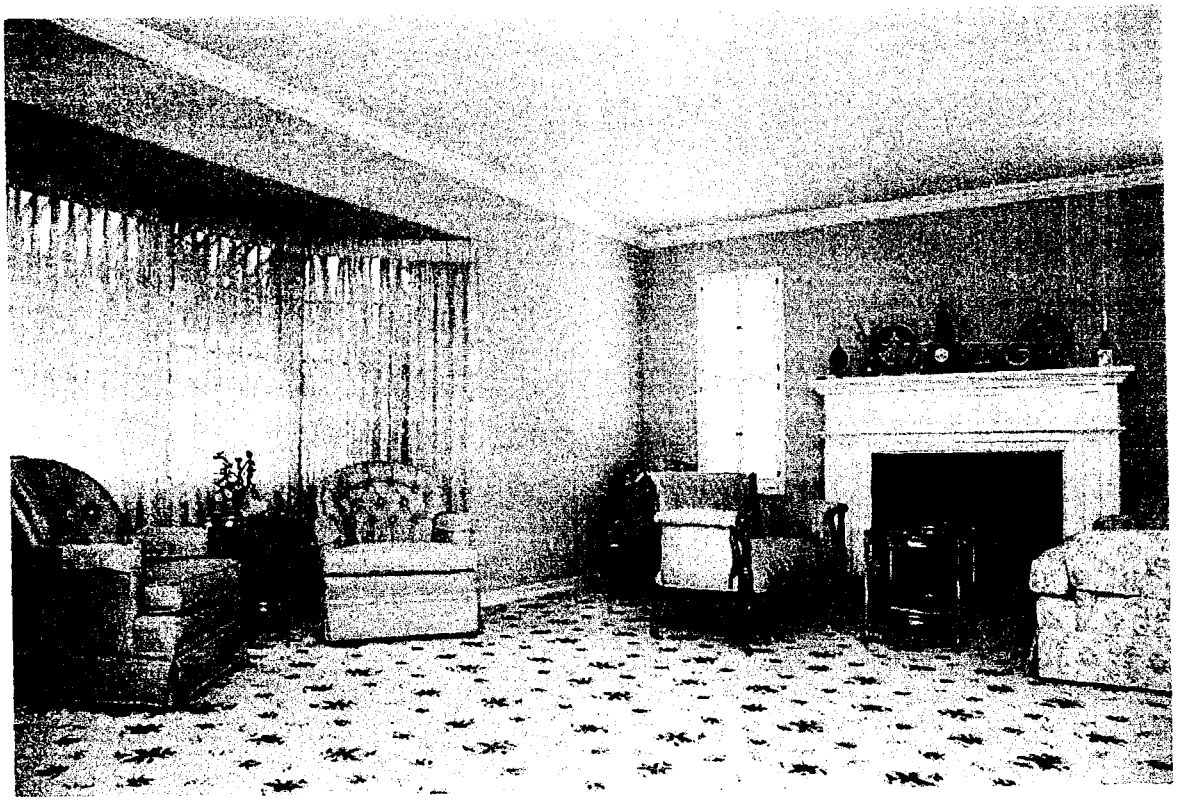


ACC014637
SCHMERMAN
FILE#8145



ACC014638
SCHMERMAN
FILE#8145

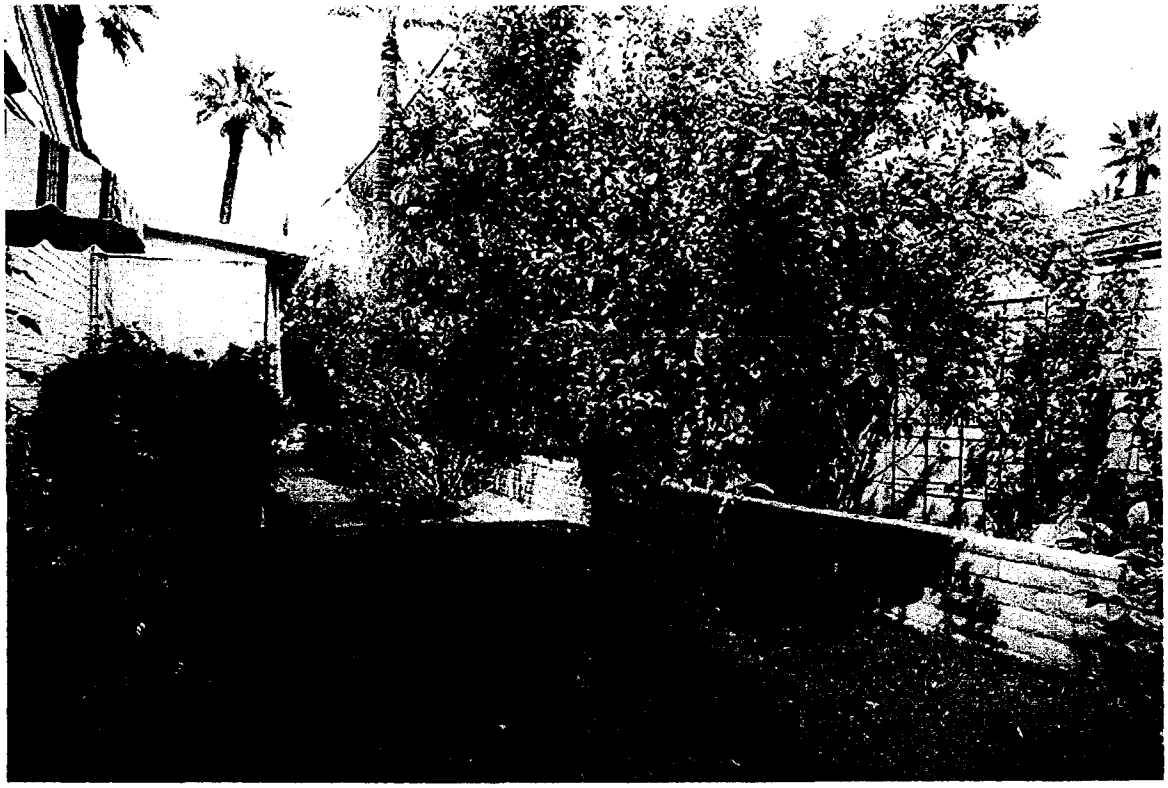
ACC014639
SCHMERMAN
FILE#8145



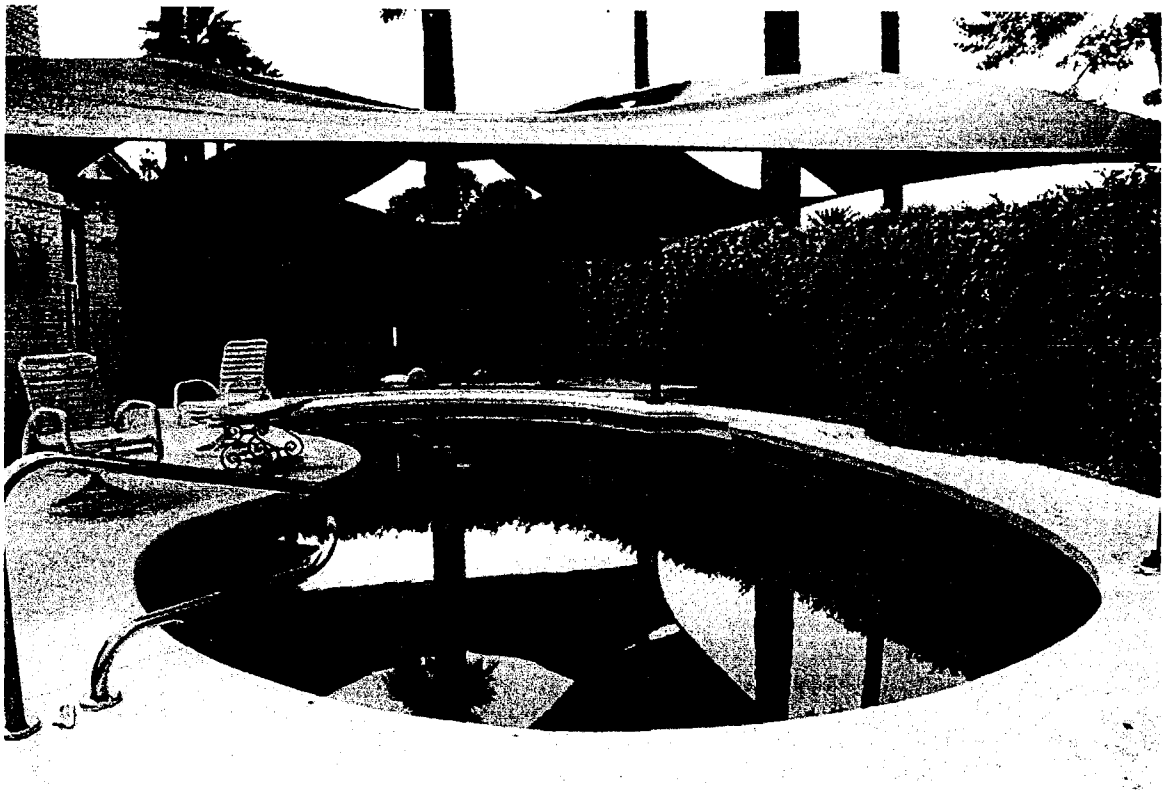
ACC014640
SCHMERMAN
FILE#8145

ACC014641
SCHMERMAN
FILE#8145

ACC014642
SCHMERMAN
FILE#8145



ACC014643
SCHMERMAN
FILE#8145



ACC014644
SCHMERMAN
FILE#8145

ACC014645
SCHMERMAN
FILE#8145

1/3 SECURITY TITLE AGENCY

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
20090455130 05/20/2009 02:15
ELECTRONIC RECORDING

Recorded at the request of:
Security Title Agency

When recorded mail to:

RICHARD M. SCHMERMAN
5312 N. 12TH STREET, #301
PHOENIX, AZ 85014

9008204-2-5-1--
sarabiam

Escrow No.: ST09008204-ST54

Space above this line for Recorder's Use

CAPTION HEADING:

DEATH CERTIFICATE

DO NOT REMOVE

This is part of the official document.

EXHIBIT
S-26a
ADMITTED

ACC014649
SCHMERMAN
FILE#8145

20090455130

CERTIFICATION OF VITAL RECORD

VERIFICATION BOX (HOLD BETWEEN THUMB AND FOREFINGER, OR BREATHE ON IT, COLOR WILL CHANGE TO BLUE AND THEN RETURN.)

STATE OF ARIZONA

ORIGINAL STATE COPY

STATE OF ARIZONA
DEPARTMENT OF HEALTH SERVICES - OFFICE OF VITAL RECORDS
CERTIFICATE OF DEATH

DEATH NO. D-102 2007 - 025896

1. NAME OF DECEDENT — A. FIRST: PATRICIA B. MIDDLE: MARIE C. LAST: BEAUVAIS
2. SEX: FEMALE
3. DATE OF DEATH — MONTH: JULY DAY: 22 YEAR: 2007
4A. RACE (e.g., white, black, American Indian, (specify tribe) etc.) SPECIFY: WHITE
4B. WAS DECEDENT OF HISPANIC ORIGIN? (SPECIFY YES OR NO): NO
4C. IF YES, INDICATE MEXICAN, SPANISH, PUERTO RICAN, CUBAN, ETC.
5. WAS DECEASED EVER IN U.S. ARMED FORCES? (SPECIFY YES OR NO): NO
6. PLACE OF DEATH — 6A. COUNTY: MARICOPA
6B. TOWN OR CITY: PHOENIX
6C. HOSPITAL OR INSTITUTION (IF RESIDENCE, GIVE STREET ADDRESS): [redacted]
6D. ☐ DOA ☐ OP EMER. ☐ IN PATIENT
7. DATE OF BIRTH — MONTH: [redacted] DAY: [redacted] YEAR:
8A. AGE (YEARS LAST BIRTHDAY): 83
8B. IF UNDER 1 YEAR MOS. DAYS
8C. IF UNDER 1 DAY HRS. MIN.
9. MARRIED, NEVER MARRIED, WIDOWED, DIVORCED (SPECIFY): WIDOWED
10. SURVIVING SPOUSE (IF WIFE, GIVE MAIDEN NAME)
11. STATE AND CITY OF BIRTH (If not in USA, name country): BROOKLYN, NY
12. CITIZEN OF WHAT COUNTRY? SPECIFY: USA
13. SOCIAL SECURITY NO.: [redacted]
14A. USUAL OCCUPATION (Give kind of work done most of working life, even if retired): MANAGER
14B. KIND OF BUSINESS OR INDUSTRY: COMMUNICATIONS
15. USUAL RESIDENCE — 15A. STATE: ARIZONA 15B. COUNTY: MARICOPA 15C. TOWN OR CITY: PHOENIX 15D. ZIP CODE: 85007
16. HOW LONG IN ARIZONA? 44 YEARS
17. EDUCATION HIGHEST GRADE COMPLETED
18E. STREET ADDRESS OF R.F.D.: [redacted]
15F. INSIDE CITY LIMITS? (SPECIFY Yes or No): YES
15G. ON RESERVATIONS? (SPECIFY Yes or No): NO
18. PREVIOUS STATE OF RESIDENCE: NEW YORK
18A. ELEMENTARY SECONDARY (0-12): 12
18B. COLLEGE (1-4 or 5+)
19. FATHER'S NAME — A. FIRST: [redacted] B. MIDDLE: C. LAST: HUGH PERRYMAN
20. MOTHER'S MAIDEN NAME — A. FIRST: KATHERYN B. MIDDLE: C. LAST: MCANDREW
21. INFORMANT'S SIGNATURE: Barbara McGrath — RICHARD M. SCHMERMAN
22. RELATIONSHIP TO DECEASED: FRIEND
23. ADDRESS — STREET NO., CITY AND STATE, ZIP CODE: 5312 N. 12TH ST., #301, PHOENIX, AZ 85014
24. BURIAL, CREMATION, REMOVAL, OTHER (Specify): BURIAL
25. DATE: 7-26-2007
26. CEMETERY OR CREMATORY - NAME/LOCATION: ST. FRANCIS CEMETERY, PHOENIX AZ
27A. EMBALMER'S SIGNATURE: NOT EMBALMED
27B. CERT. NO.
28. FUNERAL HOME — NAME, STREET ADDRESS, CITY AND STATE: WHITNEY & MURPHY FUNERAL HOME, 4800 E. INDIAN SCHOOL RD., PHOENIX, AZ 85018
29A. FUNERAL DIRECTOR or person acting as such (SIGNATURE): Barbara McGrath
29B. CERT. NO.: 1126

To be completed by CERTIFYING PHYSICIAN ONLY:
TO THE BEST OF MY KNOWLEDGE, DEATH OCCURRED AT THE TIME, DATE AND PLACE AND DUE TO THE CAUSE(S) STATED.
30. SIGNATURE AND TITLE: [signature]
31. DATE SIGNED (Mo., Day, Year): 7/31/07
32. HOUR OF DEATH: 4:45 A.M.
33. NAME OF ATTENDING PHYSICIAN OF OTHER THAN CERTIFIER (Type or print)

To be completed by MEDICAL EXAMINER OR TRIBAL LAW ENFORCEMENT AUTHORITY ONLY:
ON THE BASIS OF EXAMINATION AND/OR INVESTIGATION, IN MY OPINION DEATH OCCURRED AT THE TIME, DATE AND PLACE DUE TO THE CAUSE(S) AND MANNER STATED.
34. SIGNATURE AND TITLE:
35. DATE SIGNED (Mo., Day, Year)
36. HOUR OF DEATH
37. PRONOUNCED DEAD (Mo., Day, Year): ON
38. PRONOUNCED DEAD (Hour): AT

39. NAME AND ADDRESS OF CERTIFIER, PHYSICIAN, MEDICAL EXAMINER OR TRIBAL LAW ENFORCEMENT AUTHORITY (Type or Print): CLAIRE BOWEY, M.D., 333 E. VIRGINIA AVE., PHOENIX, AZ 85004
40. AUTHORIZED FOR CREMATION (SPECIFY): ☐ Yes ☒ No
41. MEDICAL EXAMINER'S SIGNATURE
42. DATE REGISTERED: JUL 25 2007
43. REG. FILE NO.: 15373
44. REGISTRAR'S SIGNATURE: Virginia Castellano Deputy
45. REG. DISTRICT: D 209
46. DATE REC'D IN STATE OFFICE

47. SEQUENTIALLY LIST CONDITIONS, IF ANY, LEADING TO IMMEDIATE CAUSE. ENTER UNDERLYING CAUSE (DISEASE OR INJURY THAT INITIATED EVENTS RESULTING IN DEATH) LAST. PART I
47A. IMMEDIATE CAUSE: (FINAL DISEASE OR CONDITION RESULTING IN DEATH) (ENTER ONLY ONE CAUSE ON EACH LINE): FAILURE TO THRIVE — DAYS
47B. DUE TO OR AS A CONSEQUENCE OF: CVA, DVT'S, HTN, PVD, HYPERLIPIDEMIA, PULMONARY HYPERTENSION — YEARS
47C. DUE TO OR AS A CONSEQUENCE OF:
APPROXIMATE INTERVAL BETWEEN ONSET AND DEATH

PART II. Other significant conditions contributing to death but not resulting in the underlying cause given in Part I
48.
49. AUTOPSY (Specify Yes or No): NO
50. WAS CASE REFERRED TO MEDICAL EXAMINER (Specify Yes or No): NO

51. MANNER OF DEATH: ☐ NATURAL CAUSES ☐ HOMICIDE ☐ ACCIDENT ☐ PENDING INVESTIGATION ☐ SUICIDE ☐ UNDETERMINED
52. DATE OF INJURY: MO DAY YR
53. HOUR M
54. INJURY AT WORK? (Specify Yes or No)
55. DESCRIBE HOW INJURY OCCURRED
56. PLACE OF INJURY (At home, farm, street, factory, office building, etc.) SPECIFY
57. WHERE LOCATED? STREET ADDRESS CITY OR TOWN STATE

58. SUPPLEMENTARY ENTRIES: [illegible]

ACC014650
SCHERMAN
FILE#8145

G414704G

Jul 31, 2007

This is a true certification of the facts on file with the OFFICE OF VITAL RECORDS, ARIZONA DEPARTMENT OF HEALTH SERVICES, PHOENIX, ARIZONA issued under the authority of A.R.S. 36-341, and by direction of:

Patricia Adams
PATRICIA ADAMS
ASSISTANT STATE REGISTRAR

This copy not valid unless prepared on a form displaying the State Seal and impressed with the raised seal of the issuing agency.

Arizona Department of Health Services

ANY ALTERATION OR ERASURE VOIDS THIS DOCUMENT

Y8

WHEN RECORDED MAIL TO:

Ronald G. Wilson, Esq.
ROBBINS & GREEN, P.A.
3300 N. Central Avenue
Suite 1800
Phoenix, Arizona 85012

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL

96-0807666 11/15/96 02:32

HARYANN 15 OF 27

This space reserved for recording info.

EXHIBIT
S-26b
ADMITTED

ACC014651
SCHMERMAN
FILE#8145

Doc ID:1343_1_XDJ

19960807666

[redacted] TION OF VITAL RECORD

STATE OF ARIZONA

ORIGINAL STATE COPY

STATE OF ARIZONA
DEPARTMENT OF HEALTH SERVICES - OFFICE OF VITAL RECORDS
CERTIFICATE OF DEATH

DEATH NO. D 102-

NAME OF DECEASED	A. FIRST	B. MIDDLE	C. LAST	SEX	DATE OF DEATH MONTH DAY YEAR
1.	CHARLES	EDEN	BEAUVAIS	2. MALE	3. APRIL 30, 1996

RACE (e.g., white, black, American Indian, (specify tribe) etc.) SPECIFY:	WAS DECEDENT OF HISPANIC ORIGIN: (SPECIFY YES OR NO)	IF YES, INDICATE MEXICAN, SPANISH, PUERTO RICAN, CUBAN, ETC.	WAS DECEASED EVER IN U.S. ARMED FORCES? (SPECIFY YES OR NO)
4A. WHITE	B. NO	C.	5. YES

PLACE OF DEATH A. COUNTY	B. TOWN OR CITY	C. HOSPITAL OR INST (IF RESIDENCE, GIVE STREET ADDRESS)	D. ☐ DOA ☐ OP EMER. ☐ IN PATIENT
6. MARICOPA	PHOENIX	[redacted]	

DATE OF BIRTH MONTH DAY YEAR	AGE (YEARS LAST BIRTHDAY)	IF UNDER 1 YEAR MOS. DAYS	IF UNDER 1 DAY HRS. MIN.	MARRIED, NEVER MARRIED, WIDOWED, DIVORCED (SPECIFY)	SURVIVING SPOUSE (IF WIFE, GIVE MAIDEN NAME)
7. [redacted]	8A. 80	B.	C.	9. MARRIED	10. PATRICIA M. PERRYMAN

STATE AND CITY OF BIRTH (If not in USA, name country)	CITIZEN OF WHAT COUNTRY? SPECIFY	SOCIAL SECURITY NO.	USUAL OCCUPATION (Give kind of work done most of your working life even if retired)	KIND OF BUSINESS OR INDUSTRY
11. CANYON CITY, COLORADO	12. U.S.A.	13. [redacted]	14A. COUNSELOR	B. PUBLIC HIGH SCHOOL

USUAL RESIDENCE A. STATE	B. COUNTY	C. TOWN OR CITY	D. ZIP CODE	HOW LONG IN ARIZONA?	EDUCATION HIGHEST GRADE COMPLETED
15. ARIZONA	MARICOPA	PHOENIX	85007	16. 34 YEARS	17.

STREET ADDRESS OR R.F.D.	INSIDE CITY LIMITS? (SPECIFY Yes or No)	ON RESERVATION (SPECIFY Yes or No)	PREVIOUS STATE OF RESIDENCE	ELEMENTARY-SECONDARY (0-12)	COLLEGE (1-4 or 5 +)
15E [redacted]	15F. YES	15G. NO	18. NEW YORK	A.	B. 5+

FATHER'S NAME A. FIRST	B. MIDDLE	C. LAST	MOTHER'S MAIDEN NAME A. FIRST	B. MIDDLE	C. LAST
19. LEE	JOSEPH	BEAUVAIS	20. RUTH		EDEN

INFORMANT'S SIGNATURE	RELATIONSHIP TO DECEASED	ADDRESS STREET NO. CITY AND STATE ZIP CODE
21. ▶ PATRICIA BEAUVAIS- W. Hoff	22. WIFE	23. 1811 PALMCROFT WAY, PHOENIX, ARIZONA 85007

BURIAL, CREMATION, REMOVAL, OTHER (Specify)	DATE	CEMETERY OR CREMATORY - NAME/LOCATION	EMBALMER'S SIGNATURE	CERT. NO.
24. BURIAL	25. 5-4-1996	26. 5005 E. OAK ST., PHOENIX, AZ. SAINT FRANCIS CEMETERY	27A. ▶ Walter Hoff	B. 434

FUNERAL HOME NAME	STREET ADDRESS CITY AND STATE	FUNERAL DIRECTOR or person acting as such (SIGNATURE)	CERT. NO.
28. WHITNEY & MURPHY ARCADIA FUNERAL HOME	4800 EAST INDIAN SCHOOL ROAD, PHOENIX, ARIZONA 85018	29A. ▶ Walter Hoff	253

To be completed by CERTIFYING PHYSICIAN ONLY

TO THE BEST OF MY KNOWLEDGE, DEATH OCCURRED AT THE TIME, DATE AND PLACE AND DUE TO THE CAUSE(S) STATED.

30. SIGNATURE AND TITLE ▶ R. LANCASTER M.D.

DATE SIGNED (Mo., Day, Year) 31. 5/1/96 — HOUR OF DEATH 32. 8:40 P.M.

NAME OF ATTENDING PHYSICIAN IF OTHER THAN CERTIFIER (Type or print) 33.

To be completed by MEDICAL EXAMINER OR TRIBAL LAW ENFORCEMENT AUTHORITY ONLY

ON THE BASIS OF EXAMINATION AND/OR INVESTIGATION, IN MY OPINION DEATH OCCURRED AT THE TIME, DATE AND PLACE DUE TO THE CAUSE(S) AND MANNER STATED.

SIGNATURE 34. AND TITLE ▶

DATE SIGNED (Mo., Day, Year) 35. — HOUR OF DEATH 36.

PRONOUNCED DEAD (Mo., Day, Year) 37. ON — PRONOUNCED DEAD (Hour) 38. AT

NAME AND ADDRESS OF CERTIFIER, PHYSICIAN, MEDICAL EXAMINER OR TRIBAL LAW ENFORCEMENT AUTHORITY (TYPE OR PRINT) 39. ROBERT LANCASTER, M.D., 500 W. THOMAS, PHX., AZ.

AUTHORIZED FOR CREMATION (SPECIFY) 40. ☐ Yes ☒ No — MEDICAL EXAMINER'S SIGNATURE 41.

DATE REGISTERED	REG. FILE NO.	REGISTRAR'S SIGNATURE	REG. DISTRICT	DATE REC'D. IN STATE OFFICE
MAY 03 1996	42. 8691	44. ▶ Lydia Varela Daguitz	45. 0723	46.

47. SEQUENTIALLY LIST CONDITIONS, IF ANY, LEADING TO IMMEDIATE CAUSE. ENTER UNDERLYING CAUSE (DISEASE OR INJURY THAT INITIATED EVENTS RESULTING IN DEATH) LAST. PART I

		APPROXIMATE INTERVAL BETWEEN ONSET AND DEATH
A. IMMEDIATE CAUSE (FINAL DISEASE OR CONDITION RESULTING IN DEATH) (ENTER ONLY ONE CAUSE ON EACH LINE)	HEART FAILURE	DAYS
B. DUE TO OR AS A CONSEQUENCE OF:	SEVERE CORONARY ARTERY DISEASE	MONTHS
C. DUE TO OR AS A CONSEQUENCE OF:		

PART II. Other significant conditions contributing to death but not resulting in the underlying cause given in Part I 48. SEVERE AORTIC VALVE DYSFUNCTION (FAILED PROSTHETIC VALVE) DEMENTIA DEPRESSION

AUTOPSY (Specify Yes or No)	WAS CASE REFERRED TO MEDICAL EXAMINER (Specify Yes or No)
49. NO	50. NO

MANNER OF DEATH	DATE OF INJURY MO DAY YR	HOUR	INJURY AT WORK? (Specify Yes or No)	DESCRIBE HOW INJURY OCCURRED
☐ NATURAL CAUSES ☐ HOMICIDE ☐ ACCIDENT ☐ PENDING INVESTIGATION ☐ SUICIDE ☐ UNDETERMINED	52.	53. M	54.	55.

PLACE OF INJURY (At home, farm, street, factory, office building, etc.) SPECIFY	WHERE LOCATED? STREET ADDRESS CITY OR TOWN STATE
56.	57.

SUPPLEMENTARY ENTRIES

ACC014652
SCHMERMAN
FILE#8145

CERTIFIED COPY OF VITAL RECORDS

STATE OF ARIZONA
COUNTY OF MARICOPA } SS

This is a true and exact reproduction of the document officially registered and placed on file in the VITAL RECORDS SECTION, DEPARTMENT OF HEALTH SERVICES, PHOENIX, ARIZONA issued under the authority of A.R.S. 36-341, and by direction of:

DATE ISSUED May 7, 1996

Steven J. Englender MD
Steven J. Englender, MD, MPH
County Registrar
Director, Maricopa County Dept. of Public Health Services

This copy not valid unless prepared on engraved border displaying county seal in color and raised seal of issuing agency.

SECURITY TITLE AGENCY

OFFICIAL RECORDS OF
Unofficial Document

WHEN RECORDED MAIL TO:

2/3

CAPTION HEADING:

TRUST CERTIFICATION

DO NOT REMOVE

THIS IS PART OF THE OFFICIAL DOCUMENT

EXHIBIT
tabbies
S-26 C
ADMITTED

Escrow No.: ST09008204-ST54

TRUST CERTIFICATION

The undersigned being of legal age, declares under penalty of perjury:

1. Declarants certify the existence of the following described written trust and state that the Declarants are all of the current trustees.

2. Declarants certify the following information in regard to the Trust:

   a. Name of Trust: "C AND P" BEAUVAIS BYPASS TRUST
   b. Date of Trust: April 1, 1997
   c. Names of Trustor or Settlers: PATRICIA BEAUVIAS
   d. Original Trustees: PATRICIA BEAUVIAS

3. Declarants state that the Trust is in full force and effect. The Trust has not been revoked, terminated, or amended in any manner that would cause the representations made in this Certification to be incorrect.

4. Declarants state that the following named Trustees are fully empowered to act for the Trust and are properly exercising their authority under the Trust in negotiating for, contracting for, and executing the documents attached, or set forth below, and that no Trustees other than the following named Trustees are necessary under the provisions of the Trust to sign the documents:

   a. Names of Trustees authorized to sign: RICHARD M. SCHMERMAN, SUCCESSOR TRUSTEE
   b. See Attached Beneficiary Statement

5. Declarants state that to the best of their knowledge that there are no claims, challenges or causes of action alleged, that contest or question the validity of the Trust or the Trustee's authority to act in behalf of the Trust.

Unofficial Document

Dated: May 19, 2009

As Trustee

NOTARY ACKNOWLEDGMENT(S) TO TRUST CERTIFICATION

State of Arizona)
County of Maricopa)

Subscribed and sworn (or affirmed) before me this 15th day of May, 2009.

(seal)

OFFICIAL SEAL
TANYA R. SAENZ
NOTARY PUBLIC - State of Arizona
MARICOPA COUNTY
My Comm. Expires July 29, 2009

Notary Public

BENEFICIARY'S STATEMENT

Name: See attached for Beneficiaries

Address:

Name:

Address:

Name:

Address:

Name:

Address:

Name:

Address:

Name:

Address:

Signature of Trustee

Unofficial Document

THE BENEFICIARIES OF THE TRUST ARE AS FOLLOWS:

RICHARD SCHMERMAN
5312 N. 12TH STREET, NO. 301
PHOENIX, AZ 85014

Unofficial Document

AFFIDAVIT OF CUSTODIAN OF RECORDS

STATE OF Arizona)
) ss.
County of Maricopa)

The undersigned hereby declares, under oath, that the following statements are true:

1. I am over the age of eighteen, have personal knowledge of the facts set forth below, and am competent to testify.

2. I am the duly authorized Custodian of Records of SunWest Federal Credit Union.

3. I have the authority to certify said records.

4. The records submitted herewith are true copies of all records under my possession or control responsive to the Subpoena directed to the Custodian of Records of the entity identified in paragraph 2 above.

5. The records were prepared or obtained by personnel or representatives of the entity or persons acting under the control of personnel or representatives of the entity identified in paragraph 2 above in the ordinary course of business at or near the time of the act, condition, or event in said records.

6. The records are kept in the course of regularly conducted business pursuant to the regular practice of the entity identified in paragraph 2 above.

Tricia Suffield
Custodian of Records

SUBSCRIBED and SWORN to before me this 2nd day of June, 2011, by ____

My Commission Expires:
9/20/2013

(seal)

Maria Elena Voiland
NOTARY PUBLIC

OFFICIAL SEAL
MARIA ELENA VOILAND
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires Sept. 20, 2013

RECEIVED
JUN 06 2011
ARIZONA CORP. COMMISSION
SECURITIES DIVISION

ACC008422
SCHMERMAN
FILE#8145

EXHIBIT
S-27a
ADMITTED

SunWest
Federal Credit Union
11839 North 28th Drive
Phoenix, AZ 85029
(602) 993-2993

Member # 175752

MEMBERSHIP APPLICATION AND SERVICES AGREEMENT

☐ New Enrollment
☒ Add Joint Owner
☐ Select One

Member Information

Name (PRINT CLEARLY)	Social Security or Taxpayer ID #	Password	Mother's Maiden Name
THE C&P BEAUVAIS TRUST	[redacted]		

Address (Street)	City	State	Zip Code	Email Address
[redacted]	[redacted]	AZ	[redacted]	

Address (Line2)	Home Phone #	Date of Birth	Employer	Work Phone #
	[redacted]			

Membership Eligibility: ☒ Live ☐ Worship ☐ Family Member ☐ Work ☐ Attend School ☐ Other _____ Affiliation 01 - Maricopa County Verified Eligibility Using AZDL

ID VERIFICATION

Record ☐ Yes ☒ No Retail Indicator ☐ Yes ☒ No Service Level ☒ Full Service ☐ Share Only ☐ Cash Only

PRODUCTS

Check the additional products you request

☐ Regular Checking ☐ Premier Checking ☐ VISA Debit Card ☐ ATM Card

☐ Overdraft Protection

I authorize the selected products to be added _____ ☐ Primary Signature OR ☐ Joint Signature

JOINT OWNER

The joint owners of this account agree with each other and the Credit Union that all money paid in or shares now or in the future shall be owned by them jointly with right of survivorship. This money and all accumulations shall be subject to withdrawal by any joint owner and payment to any joint owner or survivor(s) shall be valid and will relieve the Credit Union of any liability for such payment. Any or all joint owners may pledge any or all of the shares in this account as collateral security for a loan or loans. The rights or authority of the Credit Union under this agreement shall not be changed or terminated by joint owners without the prior written consent of SunWest. Each joint owner shall be the agent of all other joint owners for all purposes.

Joint Owner (1)	SS#	DOB
RICHARD M SCHMERMAN, TRUSTEE	[redacted]	[redacted]
Joint Owner (2)	SS#	DOB
Joint Owner (3)	SS#	DOB

CHECK ORDER

Name(s) (As you wish it to appear on your checks)
THE C & P BEAUVAIS TRUST / RICHARD SCHMERMAN

Address (As you wish it to appear on your checks)
Street [redacted] City [redacted] State AZ Zip Code [redacted] Phone Number

Starting Check Number 7001 Style SPB Qty 1 BX Cover

OVERDRAFT PROTECTION SELECTION

You may overdraft from your primary savings account, overdraft protection loan or a combination of savings and loan. Please select from the following options

☐ Transfer from primary savings only — Regulations allow no more than 6 transfers from primary shares per month — Member Initials _____

☐ Add to overdraft protection loan only — You must apply and qualify for an overdraft protection loan

☐ Transfer from a combination of primary savings and overdraft protection loan

☐ None — Employee Initials _____

Overdraft Privilege is automatically added to all qualified accounts. Overdraft Privilege may cover overdrafts up to $500. We will charge our normal service fee for each item and pay that item for you

RECEIVED
JUN 06 2011
ARIZONA CORP. COMMISSION
SECURITIES DIVISION

ATM / VISA DEBIT CARD AND PERSONAL IDENTIFICATION NUMBER (PIN # IS COMPUTER GENERATED ONLY)

☐ New Order ☐ Add Joint Owner Card ☐ Name Change for Card ☐ Close / Reopen ☐ Lost / Stolen (Notify Card Services)

☐ Damaged Card ☐ Compromised Card (Notify Card Services) ☐ Special Handling Select One Branch ☐ Advised of Handling Fee _____

Please Order card for

☐ Primary Member ☐ Joint Owner _____ ☐ Additional Joint Owner _____

CARD SERVICES ONLY

Order Date _____ Exp Date _____ Initials _____ Comments _____

ATM Primary Seq # _____ Joint Owner Seq # _____ Joint Owner Seq # _____

Teller Initials Teller # Date:

ACC008423
SCHMERMAN
FILE#8145

PAYABLE ON DEATH PAYEE

Upon the death of the member, shares remaining in this account will become payable to the designated payee if there are no surviving joint owners. The payable on death payee will have no claim to these funds during the lifetime of the member or any joint owners. The undersigned member hereby designates the following as the Payable on Death Payee(s)

1 Name	Relationship	Address
2 Name	Relationship	Address

DELETE JOINT OWNER

Please remove the following joint owner(s) from all deposit accounts designated by member number listed above
PRIMARY OWNER. By signing this form, I acknowledge I am responsible for the custody and control of ALL checks and/or VISA/ATM cards associated with this account and I am responsible for changing any Security Codes associated with ALL Audio Response and Electronic Banking Services. I hold the credit union harmless for actions regarding account access.
JOINT OWNER. By signing below, I acknowledge that I relinquish ownership interest including any membership share in accounts designated with the member number listed on front of document. This relinquishment does not affect my/our obligation to any loss account

Joint Owner Name being removed _____ Joint Owner Signature _____
Print Name

STATE OF

County of

My commission will expire

This instrument was acknowledged before me this _____ day of _____ ,20 _____ , by _____

Notary Public / Staff Member

I have retrieved all ATM, VISA and MasterCards from individual(s) being removed. Cards must be turned in or blocked at the time the name is deleted.

Employee ID	DL#	Issue Date	Expiration Date	State of Issue

I am applying for membership in SunWest Federal Credit Union and agree to conform to its rules, bylaws and amendments thereto, in addition, I agree to maintain at all times ownership of at least one share in SunWest. All money in this account is pledged to SunWest for any debt I may owe SunWest. By signing below I agree to all of the provisions of this Application and Agreement and to the terms and conditions of any Account Agreement between SunWest and me

The undersigned agree(s) to the applicable terms stated on this application. The undersigned also agree(s) to the terms stated on the separate account disclosure and acknowledge(s) receipt. I also hereby acknowledge receipt of all applicable SunWest disclosures. You authorize us to check your credit/employment history and obtain Credit Bureau information from third parties to verify your eligibility for services

Under penalties of perjury, I certify that: (1) The number shown on this form is my correct taxpayer identification number, (2) I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and (3) I am a U.S. person (including a U.S. resident alien).

Instructions: Cross out item (2) above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. Cross out item (3) and complete a W-8 BEN if you are not a U.S. person.

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

SunWest Federal Credit Union is authorized to recognize any of the signatures below in the payment of funds or transaction of any business for this account, with the exception of an Individual Retirement Account.

By signing below, I/We hereby request automatic enrollment in and issuance of an access device for audio response and home banking account access. If I decide to decline this service, I will provide that request in writing.

CUSTOMER IDENTIFICATION PROGRAM NOTICE: Pursuant to federal law, the Credit Union is required to verify the identity of any person seeking to open or add a signer or joint owner to any account and must maintain records of information used to verify the person's identity

PRIMARY MEMBER'S SIGNATURE	ID Type and Number	Date Issued	State	Expiration Date	Date (Month-Day-Year)
x The C+P Beauvais Trust		7/30/06		8/23/2024	7/31/07
JOINT MEMBER SIGNATURE	ID Type and N[redacted]	Date Issued	State	Expiration Date	Date (Month-Day-Year)
X T. J. Schmerman Trustee	[redacted]	7/30/06	AZ	8/23/24	7/31/07
JOINT MEMBER SIGNATURE	ID Type and Number	Date Issued	State	Expiration Date	Date (Month-Day-Year)
X					
JOINT MEMBER SIGNATURE	ID Type and Number	Date Issued	State	Expiration Date	Date (Month-Day-Year)
X					

STAFF USE ONLY

Choose One: ☐ Primary Name Change From _____ ☐ Joint Name Change From _____ ☐ Close / Reopen - Old Member # _____ ☐ Other

DO NOT WRITE BELOW THIS LINE - FOR CREDIT UNION USE

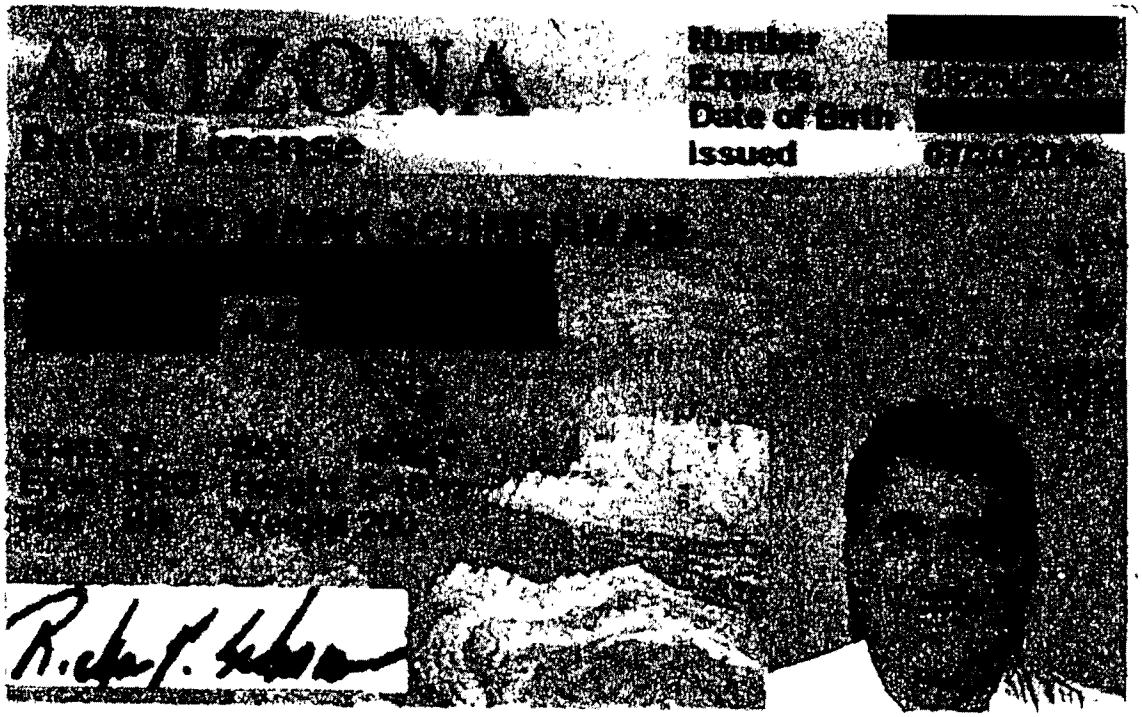
This application approved by _____ Membership Officer _____ Date

Employee's Initials and Teller # KG / 225 Date 7/31/07 QC By Ken

Rev 01/07

ACC008424
SCHMERMAN
FILE#8145

Successor trustee



CERTIFICATION OF RECORDS

RE: C & P Beauvais Trust
[redacted]5752

COMES NOW, Tricia Sufficool, Custodian of Records of SunWest Federal Credit Union, certifies that the attached is a true and correct copy of all of the records in the files of this corporation, compiled during the normal course of business as requested by the Subpoena served upon SunWest Federal Credit Union Custodian of Records.

DATED this 14th day of July 2011

SUNWEST FEDERAL CREDIT UNION

Tricia Sufficool

Custodian of Records

STATE OF ARIZONA)
) ss.
County of Maricopa)

Before me this 14th day of July 2011 personally appeared before me, Tricia Sufficool, Custodian of Records of the above named Corporation, who signed the above for the purpose therein contained.

SUBSCRIBED AND SWORN TO BEFORE ME this 14th day of July 2011

Maria E Voiland

Notary Public

OFFICIAL SEAL
MARIA ELENA VOILAND
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires Sept. 20, 2013

(Notary Seal)

EXHIBIT
S-276
ADMITTED

ACC009734
SCHMERMAN
FILE#8145

neopost
06/30/2011
US POSTAGE

PRIORITY MAIL
ComBasPrice
$04.90

ZIP 85016
041L10211789

FIDELITY NATIONAL LAW GROUP
2355 East Camelback Road, Suite 900
Phoenix, Arizona 85016

RECEIVED
JUL 5 2011
ARIZONA CORP. COMMISSION
SECURITIES DIVISION

Gregory Thomsen
Special Investigator
Securities Division
Arizona Corporation Commission
1300 West Washington, Third Floor
Phoenix, Arizona 85007

EXHIBIT
S-28a
ADMITTED

ACC009126
SCHMERMAN
FILE#8145

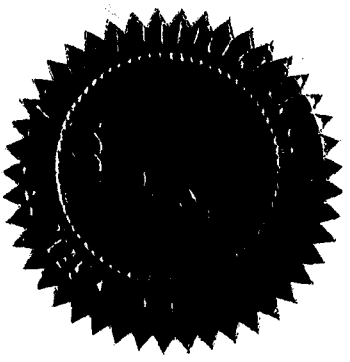
SUBPOENA

SECURITIES DIVISION
ARIZONA CORPORATION COMMISSION

TO Security Title Agency
Custodian of Records
3636 North 3rd Avenue
Phoenix, Arizona 85013

In the matter of
Schmerman, Richard **file number** 8145
involving possible violations of the Securities Act and/or Investment Management Act of Arizona.

PURSUANT TO A.R.S. § 44-1823 AND A.R.S. § 44-3133, YOU ARE HEREBY REQUIRED to appear before Gregory Thompson of the Securities Division of the Arizona Corporation Commission at 1300 West Washington, Third Floor, Phoenix, Arizona 85007, on the 1st day of July, 2011 at 10:00 A.M., to PRODUCE THE DOCUMENTS SPECIFIED IN EXHIBIT "A", which is attached and incorporated by reference.



The seal of the Arizona Corporation Commission is affixed hereto, and the undersigned, a member of said Arizona Corporation Commission, or an officer designated by it, has set her hand at Phoenix, Arizona this 17th day of June, 2011.

Julie A Coleman

Julie Coleman
Chief Counsel of Enforcement
Securities Division

Information and documents obtained by the Securities Division in the course of an investigation are confidential, unless made a matter of public record. The Securities Division may disclose the information or documents to a county attorney, the attorney general, a United States Attorney, or to law enforcement or regulatory officials to be used in any administrative, civil, or criminal proceeding. You may, in accordance with the rights guaranteed to you by the Fifth Amendment of the Constitution of the United States, refuse to give any information that might establish a direct link in a chain of evidence leading to your criminal conviction.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Shaylin A. Bernal, Executive Assistant to the Executive Director, voice phone number 602/542-3931, e-mail sabernal@azcc.gov. Requests should be made as early as possible to allow time to arrange the accommodation.

Pursuant to A.R.S. § 44-1825 and A.R.S. § 44-3134, failure to comply with this subpoena may result in the application for a finding of contempt.

Pursuant to A.A.C. R14-4-304, any person required to appear at a formal interview may be represented by legal counsel.

EXHIBIT "A"

For the period January 1, 2008, to the present, whether stored on electronic media or otherwise, copies of all escrow files, account servicing files, collection files, trust files, and any other records *including, but not limited to*, escrow instructions (and supplements or amendments thereto), purchase agreement (and supplements or amendments thereto), preliminary and final title reports or commitments, escrow deposits, preliminary and final disbursement reports, preliminary and final closing statements or HUD1 statements, settlement statement, lender instructions, payoff demand letters, closing protection letter, instructions to record, party authorizations, resolutions, trust agreements, warranty deeds, deeds of trust or mortgages, security agreements, subordination agreements, assignments, financing statements or UCC1s, owners title policy (including endorsements), lenders title policy (including endorsements), correspondence, faxes, emails, and phone logs involving the following:

1. Escrow number ST09008204-ST54

ACC009128
SCHMERMAN
FILE#8145

AFFIDAVIT OF CUSTODIAN OF RECORDS

STATE OF ARIZONA)
) ss.
County of Maricopa)

The undersigned hereby declares, under oath, that the following statements are true:

1. I am over the age of eighteen, have personal knowledge of the facts set forth below, and am competent to testify.

2. I am the duly authorized Custodian of Records of Security Title Agency.

3. I have the authority to certify said records.

4. The records submitted herewith are true copies of all records under my possession or control responsive to the Subpoena directed to the Custodian of Records of the entity identified in paragraph 2 above.

5. The records were prepared or obtained by personnel or representatives of the entity or persons acting under the control of personnel or representatives of the entity identified in paragraph 2 above in the ordinary course of business at or near the time of the act, condition, or event in said records.

6. The records are kept in the course of regularly conducted business pursuant to the regular practice of the entity identified in paragraph 2 above.

Cristina Contreras
Custodian of Records
Cristina Contreras

SUBSCRIBED and SWORN to before me this 30th day of June, 2011, by Cristinia Contreras.

My Commission Expires:

Jean M. Russell
NOTARY PUBLIC

ACC009129
SCHMERMAN
FILE#8145

(seal)

OFFICIAL SEAL
JEAN M. RUSSELL
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires April 14, 2012

Escrow File Audit Checklist - Non HUD

For the following uses: Commercial, Rental, Cash sales, Seller carry back financing, private lender (hard money), agricultural, business transactions, and loans on land > 25 acres

FIDELITY NATIONAL FINANCIAL
Southwest Field Compliance Division

Escrow No: ST09005204 Escrow Officer: TD

Auditor: _____ Date of Audit: 5/2009 Op Name: _____

Closing Month: _____ Transaction Type: RESALE Location: _____

	Audit Risk Attributes:	Yes	No	N/A	Comments
A	Is there a final and/or estimated closing statement signed by all the parties to the transaction?	✓			
B	Is a Settlement Statement prepared rather than a HUD-1, unless specifically required by a party or principal to the transaction (REO Company, Short Sale, RELO)?	✓			
C	Has an updated Settlement Statement been prepared for any changes subsequent to the closing (when necessary) and has the updated statement been sent to the affected parties; borrower/buyer/seller and lender?	✓			
D	Is there supporting documentation for all disbursements (invoice, demand, etc.) and do the payees and amounts agree?	✓			
E	Do the actual receipts and disbursements from the status ledger or check register agree/balance to the Settlement Statement?	✓			
F	If applicable, have all of the lender's requirements been met and properly reported/disclosed on the Settlement Statement (including poc items)?			✓	
G	Are third party deposits properly disclosed on the Settlement Statement and processed via third party deposit instructions; and has the lender approved the third party deposit in writing?	✓			
H	Are checks payable to credit card companies at the lender's instruction mailed directly to the credit card company (and not given back to the borrower)? The file copy of the check should include the complete payee name, address, and account number.			✓	
I	For transfers between escrow files, is there proper authorization from the affected principals and operations manager (or designee) noted in both files?			✓	
J	Are disbursements made when funds are available and in accordance with state and local regulations, as applicable?	✓			
K	Are payoff demands in the file and addressed to the company? If payoff was ordered by the company, but no address is on the demand, has the designated certification stamp been used? If an institutional lender ordered their own payoff to payoff their own !			✓	
	MODERATE RISK ATTRIBUTES (2 points)				
O	Are seller's proceeds only disbursed to the owner(s) of record. If there are disbursements to any other party are written instructions from the seller provided and is the disbursement approved in writing by the lender, if required on lender instructions (	✓			
P	Is state withholding appropriately documented and processed?	✓			
Q	If a FIRPTA form is completed, is it appropriately documented and processed?	✓			
R	Have IRS reporting requirements been met including the completion of a Certification for No Information Reporting, 1099-S or 1099-S solicitation form (or is a Certification of Exempt Status for volume transferors closing 25+ transactions in the file)?	✓			
S	Have prior mortgages and tax liens shown on the title commitment/preliminary title report been satisfied by either being paid and noted on the final settlement statement; or are they traceable to a subordination agreement, reconveyance, and/or satisfactio	✓			
T	Are photocopies of deposit checks, income wire receipts, and/or funding numbers (as applicable) located in the escrow file or readily accessible?	✓			
U	Has approval been obtained from the lender for payments made to credit card companies based on statements retained in the file that differ from amounts listed in the lender's instructions?			✓	
V	Is the payoff demand current or updated?			✓	
W	Does the top portion of the Settlement Statement accurately and completely reflect the seller(s), buyer(s), property in question, closing date, escrow number and closer?	✓			
X	Is the final Settlement Statement correct with no miscellaneous errors (no typos, misspellings, etc.)?	✓			
Y	*Payoffs to non-institutional lenders - Was the demand prepared by or approved by and payment remitted to the actual beneficiary(ies)? Were original documents received? Was the fully executed reconveyance or request for obtained prior to closing?*			✓	
Z	Is there evidence that the recording was done timely and is such evidence maintained in the file or readily available? Do the recording fees charged to the parties agree to the actual fees charged by the county recorder or pursuant to the rate filing?	✓			
AA	Are the title and escrow rates charged in accordance with the applicable filed rates in effect at the time of closing, and is there documentation of the use of the Rate Calculator in the file (when applicable)?	✓			
AB	Is the check register duality initialed by the check signers?	✓			
AC	Fraud prevention: Has the necessary identification been received and documented in the file, and is the file marked "completed" in FFP RTW and done so within 7 days of the closing date (as applicable)? N/A if party is an entity.			✓	
AD	For operations that do not have centralized processing of the AG Settlement discount or if this is a short sale transaction, was credit given pursuant to the preliminary title report when applicable (CA only)			✓	
AE	Is an approved notary used on the transaction in accordance with the document execution guidelines established in October 2005	✓			

Copy of Escrow File Audit checklist HUD 10-1-08.xls

ACC009130
SCHMERMAN
FILE#8145

ST SCHMERMAN 000001

Aguilar, Yolanda C.

From: Saenz-Daly, Tanya
Sent: Wednesday, May 20, 2009 3:14 PM
To: Aguilar, Yolanda C.
Subject: FW: 09008204 has recorded

Attachments: 9008204-2-5-1--.tif; 9008204-2-5-5-Y-.tif; 9008204-3-5-3--.tif; 9008204-3-5-4--.tif; 9008204-4-5-2--.tif

9008204-2-5-1--.tif (156 KB) 9008204-2-5-5-Y-.tif (100 KB) 9008204-3-5-3--.tif (52 KB) 9008204-3-5-4--.tif (52 KB) 9008204-4-5-2--.tif (72 KB)

PLEASE BE ADVISED THAT ALL BANK OWNED PROPERTIES REQUIRE UP TO 72 HOURS FOR HUD APPROVAL BY THE SELLER WHICH MAY CAUSE A DELAY IN RECORDING/DISBURSEMENT

Please note our new address below

Tanya Saenz-Daly
Assistant Vice President/Branch Manager
Security Title Agency
8130 E. Cactus Road, Ste. 520
Scottsdale Arizona 85260
Office Ph: 602-953-4818
Direct Fax: 602-294-8445
Email: tdaly@securitytitle.com

"21 years of escrow
and title experience!"

-----Original Message-----
From: Recorder
Sent: Wednesday, May 20, 2009 2:16 PM
To: Saenz-Daly, Tanya
Subject: 09008204 has recorded

This email should have 5 Documents Attached. If any documents are missing please notify your systems administrator.

TERMS AND CONDITIONS OF ESCROW

To: Security Title Agency
8130 E. Cactus Rd., Ste. 520
Scottsdale, AZ 85260

Date: May 19, 2009
Escrow No.: ST09008204-ST54
Property Address: [redacted]
[redacted] Arizona [redacted]

1. EMPLOYMENT OF ESCROW AGENT. Buyer and Seller agree to employ Security Title Agency to act as Escrow Agent in handling the above-referenced escrow.

2. DEPOSIT OF DOCUMENTS & FUNDS. Buyer and Seller agree to pay all costs incurred by Escrow Agent in handling the escrow and to deposit into escrow all documents and funds, and do all other things, necessary to complete the transaction that is the subject of the escrow and to enable Escrow Agent to record or deliver these documents. In addition, Buyer and Seller agree to immediately deposit with or refund to Escrow Agent all funds requested by Escrow Agent after close of escrow to pay any amounts that may be required by any taxing authority or any lender that holds or will hold, at close of escrow, a mortgage or deed of trust encumbering the property. All funds will be in the form of United States dollars. Escrow Agent is instructed to deposit all funds in a non-interest bearing general escrow account in one or more financial institutions doing business in Arizona and whose deposits are federally-insured.

   The parties to this escrow acknowledge that the maintenance of such escrow accounts with some depository institutions may result in Escrow Holder's or its affiliates being provided with an array of bank services, accommodations or other benefits by the depository institution. Escrow Holder or its affiliates also may elect to enter into other business transactions with or obtain loans for investment or other purposes from the depository institution. All such services, accommodations and other benefits shall accrue to Escrow Holder or its affiliates, and Escrow Holder or its affiliates shall have no obligation to account to the parties to the escrow for the value of such services, accommodations or other benefits.

3. DISBURSEMENT & RECORDING. Buyer and Seller instruct Escrow Agent to pay from funds deposited into escrow all amounts necessary to procure documents and all other charges or obligations necessary to consummate this transaction, in accordance with these instructions and the Settlement Statement. Escrow Agent is authorized to act upon any statement furnished to Escrow Agent by a lien holder or its agent, without liability or responsibility for the accuracy of the statement. When these instructions have been complied with and the insurer is willing to issue the requested title insurance policy and when Escrow Agent's fees and charges have been paid, Buyer and Seller instruct Escrow Agent to file, deliver, or record all documents. Disbursement of funds may be in the form of Escrow Agent's check.

4. CLEARANCE OF FUNDS BY ESCROW AGENT. Escrow Agent is not liable for any loss or impairment of funds while those funds are in the course of collection or while those funds are on deposit in a financial institution if such loss or impairment results from the failure, insolvency or suspension of such financial institution. Notwithstanding any provisions of applicable law, and in Escrow Agent's sole discretion, Escrow Agent is not obligated to disburse any funds represented by check or draft until Escrow Agent is advised by the financial institution in which the check or draft is deposited that such check or draft has been honored.

5. PRORATIONS & ADJUSTMENTS. Prorations will be calculated on the basis of a 30-day month. All items to be prorated have been submitted to escrow and Buyer and Seller agree to hold Escrow Agent harmless as to any items or information not submitted to escrow for proration calculation. Real estate taxes are prorated on the basis of the current year if the taxes for the current year are available on the business day preceding the close of escrow through the real estate tax reporting service used by Escrow Agent or if the parties have delivered to Escrow Agent on or before the business day preceding the close of escrow a copy of the current tax bill issued by the county Treasurer. Escrow Agent is not liable or responsible for making an adjustment in the escrow settlement if the taxing authority, after the close of escrow, determines that additional taxes are due.

TERMS AND CONDITIONS OF ESCROW
(Continued)

6. INSURANCE OTHER THAN TITLE. Escrow Agent has no responsibility to procure, renew, or otherwise keep in force any flood insurance or other policies of insurance. If instructed, Escrow Agent is authorized to execute on behalf of Buyer or Seller form assignments of, or to order changes to, any insurance other than title insurance and to forward policies to the insurer's agent with a request that the insurer consent to a transfer, attach a loss payable clause or other endorsement or make any other additions or corrections that may be required and that the insurer's agent return the policies to the parties entitled to them. Buyer and Seller are responsible to pay premiums; maintain insurance in full force and effect; renew, transfer, assign or properly endorse policies of insurance; cancel or terminate policies; and determine that the types and amounts of insurance coverage are appropriate or sufficient. Escrow Agent may rely on the insurance information furnished by Buyer or Seller or their agents, and is not liable for any inaccuracy of such information and is not obligated to inquire into the accuracy or sufficiency of such information.

7. INDEMNITY. Buyer and Seller will pay all costs, damages, attorneys' fees, costs, expenses and liabilities that Escrow Agent may incur or sustain in connection with these instructions, the escrow or any court action or dispute resolution procedure arising from these instructions or the escrow, including without limitation any legal action to enforce collection of its fees, costs or charges, unless caused by the bad faith, willful misconduct or gross negligence of Escrow Agent.

8. ESCROW AGENT'S LIEN. Buyer and Seller grant Escrow Agent a lien on all property and funds deposited into escrow. Buyer and Seller hereby authorize Escrow Agent to reimburse itself for its fees, charges and all damages or expenses it may incur in connection with the escrow and the performance of Escrow Agent's duties, including without limitations costs, damages and attorneys' fees.

9. AFFIDAVIT OF REAL PROPERTY VALUE. Escrow Agent is instructed to execute and file on behalf of Buyer and Seller the affidavit required by Arizona Revised Statutes Section 11-1133, using the sales price as the total consideration if at the time of filing the affidavit has not been executed by the parties.

10. PROFESSIONAL ADVICE. Buyer and Seller acknowledge that Escrow Agent has not given and will not be requested or expected to give financial, tax, or legal advice; to give advice as to the type or form of any instrument to be used in connection with this escrow; to review any documents deposited into escrow to determine their legality or sufficiency; to explain the meaning or legal consequences of any document; to make any inquiry of any nature concerning the financial condition of any party or entity; to opine as to the value or condition of the real or personal property; to assist in negotiating or structuring of the transaction; to verify square footage; or to determine possessory rights. As a convenience for Buyer and Seller, Escrow Agent may make available certain standard forms of instruments that are commonly used in Arizona but does not, and will not, recommend or select a particular form and will not complete, fill in or alter any form unless specifically instructed to do so by the parties, their attorneys, representatives or agents, who will designate the specific information to be inserted on the form or other specific source of such information.

TERMS AND CONDITIONS OF ESCROW
(Continued)

11. EXCLUDED MATTERS. Unless agreed to specifically in writing by Escrow Agent, Escrow Agent will not investigate and assumes no liability for unrecorded liens, including without limitation mechanics' liens; proposed improvement district liens or assessments; homeowner's association liens; personal property taxes or transfer of personal property; utility charges or deposits; boundary lines or location or condition of improvements; square footage; possessory rights, including without limitation delivery of possession; transfer of utilities; compliance with limitations on the use of property, including without limitation building or zoning ordinances or restrictions; taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property as of the closing of this escrow or which were not disclosed to Escrow Agent; reservations or exceptions in patents; transfers or filings of water rights or water rights applications; treatment or investigation of wood infestation; usury in any loan involved in the escrow; the availability of or charges for water, power, or waste collection; compliance with or violation of any environmental law; the legal or tax consequences of vesting; and the sufficiency or correctness as to form or manner of execution of any document deposited by the Buyer or Seller, their agents or any lender, or the identity, authority or right of any person executing documents.

12. RESIGNATION. Escrow Agent may resign upon written notice to Buyer and Seller. If Escrow Agent resigns, all funds, less Escrow Agent's charges, and all documents held by Escrow Agent will be returned to the party that deposited them into escrow and Escrow Agent will have no liability under these instructions.

13. JURISDICTION, VENUE, CHOICE OF LAW. Any litigation or arbitration arising out of this escrow that involves Escrow Agent will be filed and maintained in the county in which the real property that is the subject of this escrow is located. The prevailing party or parties in any litigation or arbitration proceeding including Escrow Agent will be awarded, in addition to any other available remedy, all expenses, fees and costs, including expert witness fees, and all reasonable attorneys' fees incurred by the prevailing party or parties. The award of costs, fees, expenses, and attorneys' fees will be determined by the court or arbitrator, and not by a jury. Arizona law will govern all of the terms and provisions of these instructions and the escrow.

14. NOTICE. Buyer and Seller agree that all notices delivered to any party or to Escrow Agent in accordance with the contract between Buyer and Seller will be delivered to all parties and to Escrow Agent to constitute effective notice under the contract.

15. CANCELLATION. Except as otherwise provided in these instructions, any party who wishes to cancel these instructions because of any material breach by another party, and who is not in material breach except as occasioned by a material breach by the other party, may cancel these instructions by delivering written notice of cancellation to both the breaching party and to the Escrow Agent stating the nature of the breach. Cancellation will become effective immediately upon delivery of the written notice of cancellation to both the breaching party and the Escrow Agent. In the event of a dispute between Seller and Buyer regarding earnest money deposited in escrow, Seller and Buyer authorize Escrow Agent to release the earnest money pursuant to the terms and conditions of these instructions. Seller and Buyer specifically authorize Escrow Agent to act in its sole and absolute discretion in the release of earnest money. Seller and Buyer agree to hold harmless and indemnify Escrow Agent against any claim, action or lawsuit of any kind, and from any loss, judgment, or expense, including costs and attorneys' fees, arising from or relating in any way to the release of earnest money. Notwithstanding any other provision in these instructions, Escrow Agent may at its election and in its sole discretion in the event of any conflicting demands made upon it concerning these instructions or this escrow, hold any money and documents deposited in escrow until it receives mutual instructions by all parties or until a civil action has been concluded in a court of competent jurisdiction determining the rights of the parties. In the alternative, Escrow Agent may at any time at its discretion commence a civil action to interplead any conflicting demands to a court of competent jurisdiction and will be entitled to deduct its costs and attorneys' fees from funds deposited in connection this interpleader action.

TERMS AND CONDITIONS OF ESCROW
(Continued)

16. FAILURE OF PARTIES TO ACT. If Escrow Agent is presented with conflicting demands as to any funds or documents on deposit when the escrow is cancelled by either of the parties and the parties cannot agree as to their disposition and no legal action to resolve the conflict has been commenced within one year from the date Escrow Agent notified the parties of the conflicting demands, Escrow Agent will return without further notice the funds and the documents to the party who deposited them, after deducting all charges, and Escrow Agent will have no further duty or liability in connection with the funds, the documents or the escrow. If the parties have taken no action within 6 months after the date set to close escrow, as extended from time to time in writing, Escrow Agent may as its discretion terminate the escrow and return all documents and funds to the parties who deposited them or for whose benefit or credit they were deposited.

17. REAL ESTATE COMMISSIONS. Upon cancellation of these instructions, if commissions are claimed to be due from Seller or Buyer to any licensed Real Estate Broker, and if the Broker has deposited in escrow a written commission agreement or commission authorization executed by a party to this escrow, Escrow Agent is authorized to disburse funds in accordance with the agreement or authorization. The party obligated to pay the commission will not acquiesce in or agree to any mutual cancellation of these instructions without the written approval of the Real Estate Broker.

18. INSPECTIONS, CONTINGENCIES, CONDITIONS, AND REPAIRS. All inspections, contingencies, conditions, or repairs, if any, have been met, satisfied, waived, and paid for directly outside of escrow. Buyer and Seller agree to indemnify and hold Escrow Agent harmless from any liability whatsoever regarding inspections or repairs, or any payment or performance to be handled outside of escrow.

19. APPROVALS. Buyer and Seller instruct Escrow Agent to record and disburse upon receipt of all signatures and funds in escrow. Buyer and Seller have reviewed and approved the Settlement Statement dated on or about close of escrow. To the best of their knowledge and belief, it is a true and accurate statement of all authorized receipts and disbursements made on their account or by them in connection with this escrow. Buyer has received and reviewed the Commitment for Title Insurance and Buyer acknowledges Buyer's approval and acceptance of all matters set forth therein.

20. If this escrow sale transaction and the contract states that the escrow fee and/or recording fee(s) and/or recording service fee shall be allocated in the usual or customary manner, Buyer and Seller acknowledge that said charges shall be paid one-half by Buyer and one-half by Seller. If the contract does not state how escrow fee and/or recording fee(s) and/or recording service fee shall be paid, then Buyer and Seller acknowledge that said charges shall be paid one-half by Buyer and one-half by Seller. In either case, the party requesting or benefiting from additional services including but not limited to overnight delivery, courier services, wiring charges, e-mail document fees, payoff tracking fees, signing fees, etc. shall pay for such services if and as incurred. In circumstances where the buyer is obtaining a new VA loan, the seller shall pay the entire escrow fee.

21. COMPLIANCE WITH LAW. Seller represents and warrants to Escrow Agent that Seller has complied with all applicable federal, state, and local laws and regulations relating to the subdivision, lot split, or sale of real property and will pay all costs, damages, attorneys' fees, expenses and liabilities that Escrow Agent may incur or sustain in connection with any breach by Seller of this representation and warranty.

22. COPIES TO REAL ESTATE AGENTS OR LENDERS. Escrow Agent is authorized to furnish copies of any documents or papers to the parties' designated real estate agents or lenders. The parties designate their real estate agents as their duly-authorized agents for the purpose of accepting on their behalf documents or notices intended for delivery to the parties.

23. DWELLING DEFECTS. Buyer/Borrower is referred to the provisions of Arizona Revised Statutes Sections 12-1361 through 12-1366 regarding any claim arising out of or relating to the design, construction, condition or sale of any dwelling on the property.

24. NOTICE OF CLOSING PROTECTION. Pursuant to ARS §6-841.02, Buyers and Sellers of a residential

TERMS AND CONDITIONS OF ESCROW

(Continued)

dwelling are hereby notified that the title insurer may offer a closing protection letter that provides protection for the loss of escrow monies due to fraud or dishonesty of the escrow agent. For purposes of this notice, "residential dwelling" means an owner occupied structure or an investment property that is designed for residential use by four or fewer families.

25. NOTICE OF PURCHASER DWELLING ACTION. Pursuant to A.R.S. §12-1363(L), Escrow Agent hereby gives Buyer notice of the provisions of A.R.S. §12-1361, 12-1362 and 12-1363 regarding "Purchaser Dwelling Actions." Buyer is advised to consult with Buyer's own advisors regarding these statutes. Escrow agent makes no representations regarding the applicability or effect of these statutes. Copies of the Statutes are available at http://www.azleg.state.az.us/ArizonaRevisedStatutes.asp

26. NOTICE OF RIGHT TO EARN INTEREST. Pursuant to ARS §6-834(D), notice is hereby given of the right to earn interest on escrowed funds. An interest bearing account may be opened on your behalf, as follows:

    1. You must ask your Escrow Agent to set-up and interest bearing account on your behalf.
    2. You agree to pay the escrow service charge in the amount of $50.00 for establishing such an account.
    3. To establish an interest bearing account, ask for an "Interest Bearing Account Authorization". You may also be asked to complete an IRS Form W9 and/or provide your U.S. Taxpayer Identification Number as may be required by the depository to establish such an account. Any forms requested must be completed and returned to your Escrow Agent before such an account can be opened with the depository.
    4. You may contact your Escrow Agent at Security Title Agency, 8130 E. Cactus Rd., Ste. 520, Scottsdale, AZ 85260, (602)953-4818, fax:(602)953-4819.

    As an example, the estimated amount of interest you may earn on a deposit of $1,000 for a 30 day period at an estimated savings account interest rate of 2% per annum is $1.67. Interest earned is dependant upon the amount of the deposit, the time of deposit and prevailing interest rate at the time.

27. NOTICE OF UNINSURED MONIES: Pursuant to A.R.S. §6-841.03. Notice is hereby given that the monies deposited into an escrow account are not insured against loss from fraud or theft by the State of Arizona or the United States government. However, escrowed funds are deposited with depositories that are insured by the Federal Deposit Insurance Corporation (FDIC).

28. CERTIFICATION. Buyer and Seller have read and understand these instructions and all instruments bearing their signature or bestowing a benefit upon them, including without limitation any promissory note in their favor, and understand that their signatures signify their approval of the contents of these instructions and any such instruments. Buyer and Seller acknowledge that they have been advised of their right to seek independent advice before signing these instructions and any instruments and were given the opportunity to ask questions of the Escrow Officer about these instructions and the Settlement Statement. Buyer and Seller understand that Escrow Agent is relying upon this certification in closing the escrow, and agree that Escrow Agent will continue to act pursuant to these instructions until served with a written notice of cancellation of these instructions, signed by both Buyer and Seller.

THE 1031 EXCHANGE EXPERTS, LLC,
QUALIFIED QI FOR JAMES PATRICK
BARNES, EXCHANGER

THE "C AND B" BEAUVAIS BYPASS TRUST,
CREATED APRIL 1, 1997

BY: _____

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Terms and Conditions
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TERMS AND CONDITIONS OF ESCROW
(Continued)

BY: X James Patrick Barnes

Dated: X 5-19-09

Dated: 05-19-2009

Terms and Conditions
FDAZ0693.rdw

ACC009137
SCHMERMAN
FILE#8145

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ADDENDUM #1

Document updated: June 1993

ARIZONA association of REALTORS® REAL SOLUTIONS. REALTOR® SUCCESS

The pre-printed portion of this form has been drafted by the Arizona Association of REALTORS®. Any change in the pre-printed language of this form must be made in a prominent manner. No representations are made as to the legal validity, adequacy and/or effects of any provision, including tax consequences thereof. If you desire legal, tax or other professional advice, please consult your attorney, tax advisor or professional consultant.

1. This is an addendum originated by the: ☐ Seller ☑ Buyer ☐ Landlord ☐ Tenant
2. This is an addendum to the Contract dated May 5, 2009 (MO/DA/YR) between the following Parties:
3. Seller/Landlord: As Identified in section 9C of the Purchase Contract
4. Buyer/Tenant: James Patrick Barnes,
5. Premises: [redacted] AZ [redacted]
6. The following additional terms and conditions are hereby included as a part of the Contract between Seller and Buyer for the above referenced Premises:
7. Lines 15 and 16 of the Purchase Contract shall be changed to read: COE to occur on
8. Wednesday, May 20, 2009.
9.
10. All other items to remain the same.
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42. The undersigned agrees to the additional terms and conditions and acknowledges receipt of a copy hereof.
43. James Patrick Barnes 05/11/2009 (MO/DA/YR)
44. ☐ Seller ☑ Buyer ☐ Seller ☐ Buyer MO/DA/YR
45. ☐ Landlord ☐ Tenant ☐ Landlord ☐ Tenant
46. 05/13/2009
47. ☒ Seller ☐ Buyer MO/DA/YR ☐ Seller ☐ Buyer MO/DA/YR
48. ☐ Landlord ☐ Tenant ☐ Landlord ☐ Tenant
49. **For Broker Use Only:**
Brokerage File/Log No. _____ Manager's Initials _____ Broker's Initials _____ Date _____ (MO/DA/YR)

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1st USA Realty Professionals 8120 E. Cactus Rd., Ste. 110 Scottsdale, AZ 85260
Phone: (602)765-3689 Fax: (602)404-6898 Kathy Wright

Barnes, JP Fnl

Produced with ZipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.zipLogix.com

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BUYER CONTINGENCY ADDENDUM

Document updated: October 2005

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Seller: ,

Buyer: James Patrick Barnes,

Premises Address: [redacted] AZ [redacted]

Date: May 4, 2009

The following additional terms and conditions are hereby included as a part of the Contract between Seller and Buyer for the above referenced Premises if marked by an "X" and initialed by Buyer and Seller. All terms and conditions of the Contract are hereby included herein and delivery of all notices and documentation shall be deemed delivered and received when sent as required by Section 8m of the Contract.

☐ **CONTINGENT ON THE SALE AND CLOSING OF BUYER'S PROPERTY:** This Contract is contingent on an accepted offer to purchase ("Sale") Buyer's real property located at: _____ ("Buyer's Property") by _____.

If Buyer accepts an offer to purchase Buyer's Property, Buyer shall deliver the Sale Documents to Seller for review as described below within five (5) days after acceptance of the offer and, unless Seller cancels this Contract within the time specified, this Contract shall become contingent upon the Closing of the pending sale of Buyer's Property by _____.

If Seller accepts a subsequent offer to purchase the Premises before the Sale of Buyer's Property, Seller shall deliver written notice to the Buyer. Upon receipt of Seller's notice, Buyer shall have five (5) days or _____ days to deliver to Seller a written agreement to remove the contingency and written documentation from Buyer's Lender that Buyer can close escrow by the COE Date without the Sale and closing of Buyer's Property or this Contract shall be deemed cancelled due to an unfulfilled contingency.

(BUYER'S AND SELLER'S INITIALS REQUIRED) _____ / _____ / [signature] / _____
BUYER BUYER SELLER SELLER

OR

☒ **CONTINGENT ON THE CLOSING OF THE PENDING SALE OF BUYER'S PROPERTY:** This Contract is contingent upon close of escrow ("Closing") on Buyer's real property located at: [redacted], AZ [redacted] AND [redacted] AZ [redacted] ("Buyer's Property") by May 22, 2009.

Buyer shall deliver the Sale Documents as described below to Seller within five (5) days after acceptance of this Contract.

Buyer's homes have been purchased by Xavier High School for tear down. The contracts are non-contingent cash sales with all inspections waived.

(BUYER'S AND SELLER'S INITIALS REQUIRED) JPB / _____ / [signature] / _____
BUYER BUYER SELLER SELLER

The following terms apply to either contingency agreed to above

SELLER REVIEW OF SALE DOCUMENTS: Within the time specified in the applicable Section above, Buyer shall deliver the following Sales Documents to Seller:

(1) A copy of the purchase contract evidencing the sale; and

(2) _____

(3) _____

Seller may, within five (5) days of receipt of the Sale Documents, cancel this Contract and all earnest money shall be returned to Buyer if Seller reasonably believes that the Closing of Buyer's Property will not occur by the specified date.

SELLER ACCEPTANCE OF SUBSEQUENT OFFER PRIOR TO CLOSING OF A PENDING SALE OF BUYER'S PROPERTY: Until the Closing of the pending sale of Buyer's Property or cancellation of this Contract, any subsequent offer accepted by the Seller shall be a back-up offer contingent on the cancellation of this Contract.

UNFULFILLED CONTINGENCY: If the Sale and Closing of Buyer's Property is not completed by date specified, this Contract shall be deemed cancelled due to an unfulfilled contingency. In such event, Buyer shall deliver a notice that the Sale and Closing of Buyer's Property is not completed no later than the date specified. In the event of Buyer's breach arising from Buyer's failure to deliver the required notice, Seller shall exercise the option in Section 7b of the Contract to accept the Earnest Money as Seller's sole right to damages.

The undersigned agrees to the modified or additional terms and conditions contained herein and acknowledges a copy hereof.

[signature] 05/04/2009
BUYER'S SIGNATURE MO/DA/YR

James Patrick Barnes
BUYER'S SIGNATURE MO/DA/YR

[signature] 05-05-2009
SELLER'S SIGNATURE MO/DA/YR

SELLER'S SIGNATURE MO/DA/YR

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"AS IS" ADDENDUM

Document updated: October 2006

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1. Seller: G & P Beauvais Trust Richard M. Schmerman Successor Trustee
2. Buyer: James Patrick Barnes.
3. Premises Address: [redacted] AZ [redacted]
4. Date: May 4, 2009

The following additional terms and conditions are hereby included as a part of the Contract between Seller and Buyer for the above referenced Premises. All terms and conditions of the Contract are hereby included herein and delivery of all notices and documentation shall be deemed delivered and received when sent as required by Section 8m of the Contract.

A. Seller and Buyer agree that the Premises is being sold in its existing condition ("AS IS") and Seller makes no warranty to Buyer, either express or implied, as to the (1) condition of the Premises, including, but not limited to, Seller's Warranties in Lines 163-166 of Section 5a, which Buyer hereby waives; (2) zoning of the Premises; or (3) Premises' fitness for any particular use or purpose. However, Seller warrants and shall maintain and repair the Premises so that, pursuant to lines 167-168, at the earlier of possession or COE, the Premises, including all additional existing personal property included in the sale, will be in substantially the same condition as on the date of Contract acceptance and all personal property not included in the sale and all debris will be removed from the Premises.

B. Buyer is advised to conduct independent inspection(s) and investigations regarding the Premises within the Inspection Period as specified in Section 6a. Buyer retains the right to cancel the Contract pursuant to Section 6j. Seller shall not be obligated to correct any defects that may be discovered during Buyer's inspection(s) and investigations or otherwise.

C. Notwithstanding the foregoing, if an On-Site Wastewater Treatment Facility (conventional septic or alternative system) ("Facility") has been installed on the Premises, Seller and Buyer agree to complete and execute the AAR On-Site Wastewater Treatment Facility Addendum and Seller agrees to pay for the Facility inspections, fees or repairs as set forth therein.

D. Seller acknowledges that selling the Premises "AS IS" does not relieve Seller of the legal obligation to disclose all known material latent defects to Buyer.

E. In the event that any provision contained in this Addendum conflicts in whole or in part with any of the terms contained in the Contract, the provisions of this Addendum shall prevail and the conflicting terms are hereby considered deleted and expressly waived by both Buyer and Seller.

F. Other Terms and Conditions:

Seller will remove all personal property and debris from inside home within 5 days of contract acceptance so Buyer may inspect the premises without impediment.

BUYER ACKNOWLEDGES THAT BUYER HAS BEEN ADVISED TO SEEK APPROPRIATE COUNSEL REGARDING THE RISKS OF BUYING A PROPERTY IN "AS IS" CONDITION.

Buyer recognizes, acknowledges, and agrees that Broker(s) are not qualified, nor licensed, to conduct due diligence with respect to the premises or the surrounding area. Buyer is instructed to consult with qualified licensed professionals to assist in Buyer's due diligence efforts. Because conducting due diligence with respect to the premises and the surrounding area is beyond the scope of the Broker's expertise and licensing, Buyer expressly releases and holds harmless Broker(s) from liability for any defects or conditions that could have been discovered by inspection or investigation. Seller and Buyer hereby expressly release, hold harmless and indemnify Broker(s) in this transaction from any and all liability and responsibility regarding financing, the condition, square footage, lot lines, boundaries, value, rent rolls, environmental problems, sanitation systems, roof, wood infestation, building codes, governmental regulations, insurance or any other matter relating to the value or condition of the Premises.

James Patrick Barnes	05/04/2009		
* BUYER'S SIGNATURE	MO/DA/YR	* BUYER'S SIGNATURE	MO/DA/YR
James Patrick Barnes			
[signature]	05-05-2009		
* SELLER'S SIGNATURE	MO/DA/YR	* SELLER'S SIGNATURE	MO/DA/YR

ACC009140
SCHMERMAN
FILE#8145

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1st USA Realty Professionals 8120 E. Cactus Rd., Ste. 310 Scottsdale, AZ 85260
Phone: (602)762-3689 Fax: (602)404-6898 Kathy Wright

Barnes, JP Pal

Produced with ZipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.zipLogix.com

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May 05 09 06:29p Bev Haarman 602 2530590 p.12

RESIDENTIAL RESALE REAL ESTATE

PURCHASE CONTRACT

Document updated: May 2005

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1. PROPERTY

1a. 1. BUYER: James Patrick Barnes, [redacted] (BUYER'S NAME(S))

2. SELLER: Richard M. Schmerman Success Trustee (SELLER'S NAME(S)) or [X] as identified in section 9c.

3. Buyer agrees to buy and Seller agrees to sell the real property with all improvements, fixtures, and appurtenances thereon
4. or incidental thereto, plus the personal property described herein (collectively the "Premises").

1b. 5. Premises Address: [redacted] Assessor's #: 111-08-093

6. City: [redacted] County: [redacted] AZ, Zip Code: [redacted]

7. Legal Description: LOT 237, PALMCROFT

1c. 8. $ 399,000.00 Full Purchase Price, paid as outlined below

9. $ 5,000.00 Earnest money As evidenced by personal check

10. $ 394,000.00 remainder of cash delivered to Escrow Co. prior to C.O.E.

11. $

12.

1d. 13. **Close of Escrow:** Close of Escrow ("COE") shall occur when the deed is recorded at the appropriate county recorder's
14. office. Buyer and Seller shall comply with all terms and conditions of this Contract, execute and deliver to
15. Escrow Company all closing documents, and perform all other acts necessary in sufficient time to allow COE to
16. occur on May (MONTH) 26 (DAY), 2009 (YEAR) ("COE Date"). If Escrow Company or recorder's office
17. is closed on COE Date, COE shall occur on the next day that both are open for business.

18. Buyer shall deliver to Escrow Company a cashier's check, wired funds or other immediately available funds to pay any down
19. payment, additional deposits or Buyer's closing costs, and instruct the lender, if applicable, to deliver immediately available funds
20. to Escrow Company, in a sufficient amount and in sufficient time to allow COE to occur on COE Date.

1e. 21. **Possession:** Seller shall deliver possession, occupancy, access to keys and/or means to operate all locks, mailbox, security
22. system/alarms, and all common area facilities to Buyer at COE or [ ]
23. Broker(s) recommend that the parties seek appropriate counsel from insurance, legal, tax, and accounting professionals
24. regarding the risks of pre-possession or post-possession of the Premises.

1f. 25. **Addenda Incorporated:** [ ] Assumption and Carryback [X] Buyer Contingency [ ] Domestic Water Well [ ] HUD forms
26. [ ] H.O.A. [X] Lead-Based Paint Disclosure [ ] Additional Clause [ ] On-site Wastewater Treatment Facility
27. [X] Other: AS-IS, Mold, Roof Rat, POOL

1g. 28. **Fixtures and Personal Property:** Seller agrees that all existing fixtures on the Premises, and any existing personal property
29. specified herein, shall be included in this sale, including the following:

30. • free-standing range/oven	• flush-mounted speakers	• outdoor landscaping, fountains, and lighting
31. • built-in appliances	• attached fireplace equipment	• water-misting systems
32. • light fixtures	• window and door screens, sun screens	• solar systems
33. • ceiling fans	• storm windows and doors	• pellet, wood-burning or gas-log stoves
34. • towel, curtain and drapery rods	• shutters and awnings	• timers
35. • draperies and other window coverings	• garage door openers and controls	• mailbox
36. • attached floor coverings	• attached TV/media antennas/satellite dishes	• storage sheds

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37. If owned by the Seller, the following items also are included in this sale:
38. • pool and spa equipment (including any
39. mechanical or other cleaning systems)
• security and/or fire systems and/or alarms
• water softeners
• water purification systems

40. Additional existing personal property included in this sale (if checked): ☐ refrigerator ☐ washer ☐ dryer
41. As described: _____
42. _____
43. ☒ Other: Outdoor canopy over pool, outdoor canopy over patio.
44. _____
45. _____
46. Additional existing personal property included shall not be considered part of the Premises and shall be transferred with no
47. monetary value, and free and clear of all liens or encumbrances.
48. Fixtures and leased items NOT included: _____
49. IF THIS IS AN ALL CASH SALE, GO TO SECTION 3.

2. FINANCING

2a. 50. **Loan Contingency:** Buyer's obligation to complete this sale is contingent upon Buyer obtaining loan approval for the loan
51. described in the AAR Loan Status Report without conditions no later than COE Date. If Buyer is unable to obtain loan approval
52. without conditions by COE Date, Buyer shall deliver a notice of the inability to obtain loan approval without conditions to Seller or
53. Escrow Company no later than COE Date.

2b. 54. **Unfulfilled Loan Contingency:** This Contract shall be cancelled and Buyer shall be entitled to a return of the Earnest Money if
55. after diligent and good faith effort, Buyer is unable to obtain loan approval without conditions by COE Date. Buyer is aware that
56. failure to have the down payment or other funds due from Buyer necessary to obtain the loan approval without conditions and
57. close this transaction is not an unfulfilled loan contingency. Buyer acknowledges that prepaid items paid separately from earnest
58. money are not refundable.

2c. 59. **Appraisal Contingency:** Buyer's obligation to complete this sale is contingent upon an appraisal of the Premises by an appraiser
60. acceptable to lender for at least the sales price. If the Premises fails to appraise for the sales price, Buyer has five (5) days after notice
61. of the appraised value to cancel this Contract and receive a refund of the Earnest Money or the appraisal contingency shall be waived.

2d. 62. **Loan Status Report:** The AAR Loan Status Report ("LSR") with, at a minimum, the Buyer's Loan Information section completed,
63. describing the current status of the Buyer's proposed loan, is attached hereto and incorporated herein by reference.

2e. 64. **Loan Application:** Unless previously completed, within five (5) days after Contract acceptance, Buyer shall (i) complete, sign and
65. deliver to the lender a loan application with requested disclosures and documentation; (ii) grant lender permission to access
66. Buyer's Trimerged Residential Credit Report; and (iii) pay all required loan application fees.

2f. 67. **Loan Processing During Escrow:** Buyer agrees to diligently work to obtain the loan and will promptly provide the lender with all
68. additional documentation required. Buyer instructs the lender to provide loan status updates to Broker(s) and Seller. Buyer shall
69. sign all loan documents no later than three (3) days prior to the COE Date.

2g. 70. **Type of Financing:** ☐ Conventional ☐ FHA ☐ VA ☐ Assumption ☐ Seller Carryback ☐ _____
71. (If financing is to be other than new financing, see attached addendum.)

2h. 72. **Loan Costs:** Private Mortgage Insurance is required for certain types of loans and shall be paid by Buyer at COE in a manner
73. acceptable to lender. The following may be paid by either party:

74. Discount points shall be paid by: ☐ Buyer ☐ Seller ☐ Other _____

76. Discount points shall not exceed: _____ total points (Does not include loan origination fee)

76. A.L.T.A. Lender Title Insurance Policy shall be paid by ☐ Buyer ☐ Seller

77. Loan Origination Fee (Not to exceed _____ % of loan amount) shall be paid by ☐ Buyer ☐ Seller

78. Appraisal Fee, when required by lender, shall be paid by ☐ Buyer ☐ Seller ☐ Other _____

2i. 79. **Other Loan Costs:** In the event of an FHA or VA loan, Seller agrees to pay up to $ _____ of loan
80. costs not permitted to be paid by the Buyer, in addition to the other costs Seller has agreed to pay herein. In addition, for VA
81. loans, Seller agrees to pay the escrow fee. All other costs of obtaining the loan shall be paid by the Buyer.

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2j. **Changes:** Buyer shall immediately notify Seller of any changes in the loan program, financing terms, or lender described in the LSR and shall only make any such changes without the prior written consent of Seller if such changes do not adversely affect Buyer's ability to obtain loan approval without conditions, increase Seller's closing costs, or delay COE.

2k. **FHA Notice (FHA Buyer Initials Required):** HUD does not warrant the condition of the property. By initialing below, Buyer acknowledges receipt of Form HUD-92564-CN, "For Your Protection: Get a Home Inspection." Buyer further acknowledges that such form was signed at or before the Contract date. Signed HUD-92564-CN is attached and made a part of this Purchase Contract.

(FHA BUYER'S INITIALS REQUIRED) _____ BUYER _____ BUYER

3. TITLE AND ESCROW

3a. **Escrow:** This Contract shall be used as escrow instructions. The Escrow Company employed by the parties to carry out the terms of this Contract shall be:

Tanya Daly, Security Title Agency (602)953-4818 (602)294-8445
ESCROW/TITLE COMPANY PHONE/FAX

3b. **Title and Vesting:** Buyer will take title as determined before COE. Taking title may have significant legal, estate planning and tax consequences. Buyer should obtain legal and tax advice.

3c. **Title Commitment and Title Insurance:** Escrow Company is hereby instructed to obtain and deliver to Buyer and Seller directly, addressed pursuant to 8t and 8c or as otherwise provided, a Commitment for Title Insurance together with complete and legible copies of all documents that will remain as exceptions to Buyer's policy of Title Insurance ("Title Commitment"), including but not limited to Conditions, Covenants and Restrictions ("CC&Rs"); deed restrictions; and easements. Buyer shall have five (5) days after receipt of the Title Commitment and after receipt of notice of any subsequent exceptions to provide notice to Seller of any items disapproved. Seller shall convey title by general warranty deed. Buyer shall be provided at Seller's expense an American Land Title Association ("ALTA") Homeowner's Title Insurance Policy, or if not available, an ALTA Residential Title Insurance Policy ("Plain Language"/"1-4 units") or, if not available, a Standard Owner's Title Insurance Policy, showing title vested in Buyer. Buyer may acquire extended coverage at Buyer's own additional expense.

3d. **Additional Instructions:** (i) Escrow Company shall promptly furnish notice of pending sale that contains the name and address of the Buyer to any homeowner's association in which the Premises is located. (ii) If the Escrow Company is also acting as the title agency but is not the title insurer issuing the title insurance policy, Escrow Company shall deliver to the Buyer and Seller, upon deposit of funds, a closing protection letter from the title insurer indemnifying the Buyer and Seller for any losses due to fraudulent acts or breach of escrow instructions by the Escrow Company. (iii) All documents necessary to close this transaction shall be executed promptly by Seller and Buyer in the standard form used by Escrow Company. Escrow Company shall modify such documents to the extent necessary to be consistent with this Contract. (iv) Escrow Company fees, unless otherwise stated herein, shall be allocated equally between Seller and Buyer. (v) Escrow Company shall send to all parties and Broker(s) copies of all notices and communications directed to Seller, Buyer and Broker(s). (vi) Escrow Company shall provide Broker(s) access to escrowed materials and information regarding the escrow. (vii) If an Affidavit of Disclosure is provided, Escrow Company shall record the Affidavit at COE.

3e. **Tax Prorations:** Real property taxes payable by the Seller shall be prorated to COE based upon the latest tax information available.

3f. **Release of Earnest Money:** In the event of a dispute between Buyer and Seller regarding any Earnest Money deposited with Escrow Company, Buyer and Seller authorize Escrow Company to release Earnest Money pursuant to the terms and conditions of this Contract in its sole and absolute discretion. Buyer and Seller agree to hold harmless and indemnify Escrow Company against any claim, action or lawsuit of any kind, and from any loss, judgment, or expense, including costs and attorney fees, arising from or relating in any way to the release of Earnest Money.

3g. **Prorations of Assessments and Fees:** All assessments and fees that are not a lien as of the COE, including homeowner's association fees, rents, irrigation fees, and, if assumed, insurance premiums, interest on assessments, interest on encumbrances, and service contracts, shall be prorated as of COE or ☐ Other _____

3h. **Assessment Liens:** The amount of any assessment, other than homeowner's association assessments, that is a lien as of the COE, shall be ☒ paid in full by Seller ☐ prorated and assumed by Buyer. Any assessment that becomes a lien after COE is the Buyer's responsibility.

3i. **IRS and FIRPTA Reporting:** Seller agrees to comply with IRS reporting requirements. If applicable, Seller agrees to complete, sign, and deliver to Escrow Company a certificate indicating whether Seller is a foreign person or a non-resident alien pursuant to the Foreign Investment in Real Property Tax Act ("FIRPTA"). Buyer and Seller acknowledge that if the Seller is a foreign person, the Buyer must withhold a tax equal to 10% of the purchase price, unless an exemption applies.

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4. DISCLOSURES

4a. **Seller Property Disclosure Statement ("SPDS"):** Seller shall deliver a completed AAR SPDS form to the Buyer within five (5) days after Contract acceptance. Buyer shall provide notice of any SPDS items disapproved within the Inspection Period or five (5) days after receipt of the SPDS, whichever is later.

4b. **Insurance Claims History:** Seller shall deliver to Buyer a written five-year insurance claims history regarding Premises (or a claims history for the length of time Seller has owned the Premises if less than five years) from Seller's insurance company or an insurance support organization or consumer reporting agency, or if unavailable from these sources, from Seller, within five (5) days after Contract acceptance. (Seller may obscure any reference to date of birth or social security number from the document). Buyer shall provide notice of any items disapproved within the Inspection Period or five (5) days after receipt of the claims history, whichever is later.

4c. **Lead-Based Paint Disclosure:** If the Premises were built prior to 1978, the Seller shall: (i) notify the Buyer of any known lead-based paint ("LBP") or LBP hazards in the Premises; (ii) provide the Buyer with any LBP risk assessments or inspections of the Premises in the Seller's possession; (iii) provide the Buyer with the Disclosure of Information on Lead-based Paint and Lead-based Paint Hazards, and any report, records, pamphlets, and/or other materials referenced therein, including the pamphlet "Protect Your Family from Lead in Your Home" (collectively "LBP Information"). Buyer shall return a signed copy of the Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards to Seller prior to COE.

☒ LBP Information was provided prior to Contract acceptance and Buyer acknowledges the opportunity to conduct LBP risk assessments or inspections during Inspection Period.

☐ Seller shall provide LBP Information within five (5) days after Contract acceptance. Buyer may within ten (10) days or _____ days after receipt of the LBP Information conduct or obtain a risk assessment or inspection of the Premises for the presence of LBP or LBP hazards ("Assessment Period"). Buyer may within five (5) days after receipt of the LBP Information or five (5) days after expiration of the Assessment Period cancel this Contract.

If Premises were constructed prior to 1978, (BUYER'S INITIALS REQUIRED) JPB BUYER _____ BUYER

If Premises were constructed in 1978 or later, (BUYER'S INITIALS REQUIRED) _____ BUYER _____ BUYER

4d. **Affidavit of Disclosure:** If the Premises is located in an unincorporated area of the county, and five or fewer parcels of property other than subdivided property are being transferred, the Seller shall deliver a completed Affidavit of Disclosure in the form required by law to the Buyer within five (5) days after Contract acceptance. Buyer shall provide notice of any Affidavit of Disclosure items disapproved within the Inspection Period or five (5) days after receipt of the Affidavit of Disclosure, whichever is later.

4e. **Changes During Escrow:** Seller shall immediately notify Buyer of any changes in the Premises or disclosures made herein, in the SPDS, or otherwise. Such notice shall be considered an update of the SPDS. Unless Seller is already obligated by Section 5a, or otherwise by this Contract or any amendments hereto, to correct or repair the changed item disclosed, Buyer shall be allowed five (5) days after delivery of such notice to provide notice of disapproval to Seller.

5. WARRANTIES

5a. **Seller Warranties:** Seller warrants and shall maintain and repair the Premises so that, at the earlier of possession or COE: (i) all heating, cooling, mechanical, plumbing, and electrical systems (including swimming pool and/or spa, motors, filter systems, cleaning systems, and heaters, if any), free-standing range/oven, and built-in appliances will be in working condition; (ii) all other agreed upon repairs and corrections will be completed pursuant to Section 6j; (iii) the Premises, including all additional existing personal property included in the sale, will be in substantially the same condition as on the date of Contract acceptance; and (iv) all personal property not included in the sale and all debris will be removed from the Premises.

5b. **Warranties that Survive Closing:** Seller warrants that Seller has disclosed to Buyer and Broker(s) all material latent defects and any information concerning the Premises known to Seller, excluding opinions of value, which materially and adversely affect the consideration to be paid by Buyer. Prior to the COE, Seller warrants that payment in full will have been made for all labor, professional services, materials, machinery, fixtures, or tools furnished within the 150 days immediately preceding the COE in connection with the construction, alteration, or repair of any structure on or improvement to the Premises. Seller warrants that the information regarding connection to a sewer system or on-site wastewater treatment facility (conventional septic or alternative) is correct to the best of Seller's knowledge.

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5c. **Buyer Warranties:** Buyer warrants that Buyer has disclosed to Seller any information that may materially and adversely affect the Buyer's ability to close escrow or complete the obligations of this Contract. At the earlier of possession of the Premises or COE, Buyer warrants to Seller that Buyer has conducted all desired independent inspections and investigations and accepts the Premises. Buyer warrants that Buyer is not relying on any verbal representations concerning the Premises except disclosed as follows: Listing agent states that occupant in guest house is not a tenant, has no lease agreement and will vacate the premises at C.O.E.

6. DUE DILIGENCE

5a. **Inspection Period:** Buyer's Inspection Period shall be ten (10) days or 14 days after Contract acceptance. During the Inspection Period, Buyer, at Buyer's expense, shall (i) conduct all desired physical, environmental, and other types of inspections and investigations to determine the value and condition of the Premises; (ii) make inquiries and consult government agencies, lenders, insurance agents, architects, and other appropriate persons and entities concerning the suitability of the Premises and the surrounding area; (iii) investigate applicable building, zoning, fire, health, and safety codes to determine any potential hazards, violations or defects in the Premises; and (iv) verify any material multiple listing service ("MLS") information. If the presence of sex offenders in the vicinity or the occurrence of a disease, natural death, suicide, homicide or other crime on or in the vicinity is a material matter to the Buyer, it must be investigated by the Buyer during the Inspection Period. Buyer shall keep the Premises free and clear of liens, shall indemnify and hold Seller harmless from all liability, claims, demands, damages, and costs, and shall repair all damages arising from the inspections. Buyer shall provide Seller and Broker(s) upon receipt, at no cost, copies of all inspection reports concerning the Premises obtained by Buyer. Buyer is advised to consult the Arizona Department of Real Estate *Buyer Advisory* provided by AAR to assist in Buyer's due diligence inspections and investigations.

6b. **Square Footage: BUYER IS AWARE THAT ANY REFERENCE TO THE SQUARE FOOTAGE OF THE PREMISES, BOTH THE REAL PROPERTY (LAND) AND IMPROVEMENTS THEREON, IS APPROXIMATE. IF SQUARE FOOTAGE IS A MATERIAL MATTER TO THE BUYER, IT MUST BE INVESTIGATED DURING THE INSPECTION PERIOD.**

6c. **Wood-Destroying Organism or Insect Inspection: IF CURRENT OR PAST WOOD-DESTROYING ORGANISMS OR INSECTS (SUCH AS TERMITES) ARE A MATERIAL MATTER TO THE BUYER, THESE ISSUES MUST BE INVESTIGATED DURING THE INSPECTION PERIOD.** The Buyer shall order and pay for all wood-destroying organism or insect inspections performed during the Inspection Period. If the lender requires an updated Wood-Destroying Organism or Insect Inspection Report prior to COE, it will be performed at Buyer's expense.

6d. **Flood Hazard:** Flood hazard designations or the cost of flood hazard insurance shall be determined by Buyer during the Inspection Period. If the Premises are situated in an area identified as having any special flood hazards by any governmental entity, the lender may require the purchase of flood hazard insurance. Special flood hazards may also affect the ability to encumber or improve the Premises.

6e. **Insurance: IF HOMEOWNER'S INSURANCE IS A MATERIAL MATTER TO THE BUYER, BUYER SHALL APPLY FOR AND OBTAIN WRITTEN CONFIRMATION OF THE AVAILABILITY AND COST OF HOMEOWNER'S INSURANCE FOR THE PREMISES FROM BUYER'S INSURANCE COMPANY DURING THE INSPECTION PERIOD.** Buyer understands that any homeowner's, fire, casualty, or other insurance desired by Buyer or required by lender should be in place at COE.

6f. **Sewer or On-site Wastewater Treatment System:** The Premises are connected to a:
[X] sewer system; [ ] septic system; [ ] alternative system.

IF A SEWER CONNECTION IS A MATERIAL MATTER TO THE BUYER, IT MUST BE INVESTIGATED DURING THE INSPECTION PERIOD. If the Premises are served by a septic or alternative system, the AAR On-site Wastewater Treatment Facility Addendum is incorporated herein by reference.

(BUYER'S INITIALS REQUIRED) JPB BUYER _____ BUYER

6g. **Swimming Pool Barrier Regulations:** During the Inspection Period, Buyer agrees to investigate all applicable state county, and municipal Swimming Pool barrier regulations and agrees to comply with and pay all costs of compliance with said regulations prior to occupying the Premises, unless otherwise agreed in writing. If the Premises contains a Swimming Pool, Buyer acknowledges receipt of the Arizona Department of Health Services approved private pool safety notice.

(BUYER'S INITIALS REQUIRED) JPB BUYER _____ BUYER

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6h. **BUYER ACKNOWLEDGMENT: BUYER RECOGNIZES, ACKNOWLEDGES, AND AGREES THAT BROKER(S) ARE NOT QUALIFIED, NOR LICENSED, TO CONDUCT DUE DILIGENCE WITH RESPECT TO THE PREMISES OR THE SURROUNDING AREA. BUYER IS INSTRUCTED TO CONSULT WITH QUALIFIED LICENSED PROFESSIONALS TO ASSIST IN BUYER'S DUE DILIGENCE EFFORTS. BECAUSE CONDUCTING DUE DILIGENCE WITH RESPECT TO THE PREMISES AND THE SURROUNDING AREA IS BEYOND THE SCOPE OF THE BROKER'S EXPERTISE AND LICENSING, BUYER EXPRESSLY RELEASES AND HOLDS HARMLESS BROKER(S) FROM LIABILITY FOR ANY DEFECTS OR CONDITIONS THAT COULD HAVE BEEN DISCOVERED BY INSPECTION OR INVESTIGATION.**

(BUYER'S INITIALS REQUIRED) JPB BUYER _____ BUYER

6i. **Inspection Period Notice:** Prior to expiration of the Inspection Period, Buyer shall deliver to Seller a signed notice of any items disapproved. AAR's Buyer's Inspection Notice and Seller's Response form is available for this purpose. Buyer shall conduct all *desired inspections and investigations prior to delivering such notice to Seller and all Inspection Period items disapproved shall* be provided in a single notice.

6j. **Buyer Disapproval:** If Buyer, in Buyer's sole discretion, disapproves of items as allowed herein, Buyer shall deliver to Seller notice of the items disapproved and state in the notice that Buyer elects to either:

(1) immediately cancel this Contract and all Earnest Money shall be released to Buyer, or

(2) provide the Seller an opportunity to correct the items disapproved, in which case:

(a) Seller shall respond in writing within five (5) days or _____ days after delivery to Seller of Buyer's notice of items disapproved. Seller's failure to respond to Buyer in writing within the specified time period shall conclusively be deemed Seller's refusal to correct any of the items disapproved.

(b) **If Seller agrees in writing to correct items disapproved, Seller shall correct the items, complete any repairs in a workmanlike manner and deliver any paid receipts evidencing the corrections and repairs to Buyer three (3) days or _____ days prior to COE Date.**

(c) If Seller is unwilling or unable to correct any of the items disapproved, Buyer may cancel this Contract within five (5) days after delivery of Seller's response or after expiration of the time for Seller's response, whichever occurs first, and all Earnest Money shall be released to Buyer. If Buyer does not cancel this Contract within the five (5) days as provided, Buyer shall close escrow without correction of those items that Seller has not agreed in writing to correct.

VERBAL DISCUSSIONS WILL NOT EXTEND THESE TIME PERIODS. Only a written agreement signed by both parties will extend response times or cancellation rights.

BUYER'S FAILURE TO GIVE NOTICE OF DISAPPROVAL OF ITEMS OR CANCELLATION OF THIS CONTRACT WITHIN THE SPECIFIED TIME PERIOD SHALL CONCLUSIVELY BE DEEMED BUYER'S ELECTION TO PROCEED WITH THE TRANSACTION WITHOUT CORRECTION OF ANY DISAPPROVED ITEMS.

6k. **Notice of Non-Working Warranted Items:** Buyer shall provide Seller with notice of any non-working warranted item(s) of which Buyer becomes aware during the Inspection Period or the Seller warranty for that item(s) shall be waived. Delivery of such notice shall not affect Seller's obligation to maintain or repair the warranted item(s).

6l. **Home Warranty Plan:** Buyer and Seller are advised to investigate the various home warranty plans available for purchase. The parties acknowledge that different home warranty plans have different coverage options, exclusions, limitations, service fees and most plans exclude pre-existing conditions.

☒ A Home Warranty Plan will be ordered by ☒ Buyer or ☐ Seller with the following optional coverage

Pool, AC, Roof, to be issued by TBD later at a cost not to exceed

$450.00, to be paid for by ☐ Buyer ☒ Seller

☐ *Buyer declines the purchase of a Home Warranty Plan.*

6m. **Walkthrough(s):** Seller grants Buyer and Buyer's inspector(s) reasonable access to conduct walkthrough(s) of the Premises for the purpose of satisfying Buyer that any corrections or repairs agreed to by the Seller have been completed, warranted items are in working condition and that the Premises is in substantially the same condition as of the date of Contract acceptance. If Buyer does not conduct such walkthrough(s), Buyer releases Seller and Broker(s) from liability for any defects that could have been discovered.

6n. **Seller's Responsibility Regarding Inspections and Walkthrough(s):** Seller shall make the Premises available for all inspections and walkthrough(s) upon reasonable notice by Buyer. Seller shall, at Seller's expense, have all utilities on, including any propane, until COE to enable Buyer to conduct these inspections and walkthrough(s).

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7. REMEDIES

7a. **Cure Period:** A party shall have an opportunity to cure a potential breach of this Contract. If a party fails to comply with any provision of this Contract, the other party shall deliver a notice to the non-complying party specifying the non-compliance. If the non-compliance is not cured within three (3) days after delivery of such notice ("Cure Period"), the failure to comply shall become a breach of Contract.

7b. **Breach:** In the event of a breach of Contract, the non-breaching party may cancel this Contract and/or proceed against the breaching party in any claim or remedy that the non-breaching party may have in law or equity, subject to the Alternative Dispute Resolution obligations set forth herein. In the case of the Seller, because it would be difficult to fix actual damages in the event of Buyer's breach, the Earnest Money may be deemed a reasonable estimate of damages and Seller may, at Seller's option, accept the Earnest Money as Seller's sole right to damages; and in the event of Buyer's breach arising from Buyer's failure to deliver the notice required by Section 2a, or Buyer's inability to obtain loan approval due to the waiver of the appraisal contingency pursuant to Section 2c, Seller shall exercise this option and accept the Earnest Money as Seller's sole right to damages. An unfulfilled contingency is not a breach of Contract.

7c. **Alternative Dispute Resolution ("ADR"):** Buyer and Seller agree to mediate any dispute or claim arising out of or relating to this Contract in accordance with the REALTORS® Dispute Resolution System, or as otherwise agreed. All mediation costs shall be paid equally by the parties. In the event that mediation does not resolve all disputes or claims, the unresolved disputes or claims shall be submitted for binding arbitration. In such event, the parties shall agree upon an arbitrator and cooperate in the scheduling of an arbitration hearing. If the parties are unable to agree on an arbitrator, the dispute shall be submitted to the American Arbitration Association ("AAA") in accordance with the AAA Arbitration Rules for the Real Estate Industry. The decision of the arbitrator shall be final and nonappealable. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction. Notwithstanding the foregoing, either party may opt out of binding arbitration within thirty (30) days after the conclusion of the mediation conference by notice to the other and in such event either party shall have the right to resort to court action.

7d. **Exclusions from ADR:** The following matters are excluded from the requirement for ADR hereunder: (i) any action brought in the Small Claims Division of an Arizona Justice Court (up to $2,500) so long as the matter is not thereafter transferred or removed from the small claims division; (ii) judicial or nonjudicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage, or agreement for sale; (iii) an unlawful entry or detainer action; (iv) the filing or enforcement of a mechanic's lien; or (v) any matter that is within the jurisdiction of a probate court. Further, the filing of a judicial action to enable the recording of a notice of pending action ("lis pendens"), or order of attachment, receivership, injunction, or other provisional remedies shall not constitute a waiver of the obligation to submit the claim to ADR, nor shall such action constitute a breach of the duty to mediate or arbitrate.

7e. **Attorney Fees and Costs:** The prevailing party in any dispute or claim between Buyer and Seller arising out of or relating to this Contract shall be awarded their reasonable attorney fees and costs. Costs shall include, without limitation, attorney fees, expert witness fees, fees paid to investigators, and arbitration costs.

8. ADDITIONAL TERMS AND CONDITIONS

8a. 1.Buyer is aware that this is an estate sale and is being sold AS-IS and no Seller Property Disclosure will be provided. Buyer agrees to complete his due diligence during his inspection period to determine any and all material matters that are of interest to him. 2. Seller agrees to give access to guest house as needed during inspection period with reasonable notice. 3.Seller hereby acknowledges that Buyer has the option to qualify this transaction as part of a tax deferred exchange under Section 1031 of the Internal Revenue Code. Seller agrees that Buyer may assign its rights under this agreement to the 1031 Exchange Experts, LLC as necessary to facilitate the exchange. Seller agrees to cooperate with the Buyer and The 1031 Exchange Experts, LLC in order to enable the Buyer to complete the exchange, which will neither delay the closing nor cause additional expense or liability to Seller.

>>

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8b. **Risk of Loss:** If there is any loss or damage to the Premises between the date of Contract acceptance and COE or possession, whichever is earlier, by reason of fire, vandalism, flood, earthquake, or act of God, the risk of loss shall be on the Seller, provided, however, that if the cost of repairing such loss or damage would exceed ten percent (10%) of the purchase price, either Seller or Buyer may elect to cancel the Contract.

8c. **Permission:** Buyer and Seller grant Broker(s) permission to advise the public of this Contract.

8d. **Arizona Law:** This Contract shall be governed by Arizona law and jurisdiction is exclusively conferred on the State of Arizona.

8e. **Time is of the Essence:** The parties acknowledge that time is of the essence in the performance of the obligations described herein.

8f. **Compensation:** Seller and Buyer acknowledge that Broker(s) shall be compensated for services rendered as previously agreed by separate written agreement(s), which shall be delivered by Broker(s) to Escrow Company for payment at COE, if not previously paid. If Seller is obligated to pay Broker(s), this Contract shall constitute an irrevocable assignment of Seller's proceeds at COE. If Buyer is obligated to pay Broker(s), payment shall be collected from Buyer as a condition of COE. COMMISSIONS PAYABLE FOR THE SALE, LEASING, OR MANAGEMENT OF PROPERTY ARE NOT SET BY ANY BOARD OR ASSOCIATION OF REALTORS®, OR MULTIPLE LISTING SERVICE, OR IN ANY MANNER OTHER THAN BETWEEN THE BROKER AND CLIENT.

8g. **Copies and Counterparts:** A fully executed facsimile or electronic copy of the Contract shall be treated as an original Contract. This Contract and any other documents required by this Contract may be executed by facsimile or other electronic means and in any number of counterparts, which shall become effective upon delivery as provided for herein, except that the Lead-Based Paint Disclosure Statement may not be signed in counterpart. All counterparts shall be deemed to constitute one instrument, and each counterpart shall be deemed an original.

8h. **Days:** All references to days in this Contract shall be construed as calendar days and a day shall begin at 12:00 a.m. and end at 11:59 p.m.

8i. **Calculating Time Periods:** In computing any time period prescribed or allowed by this Contract, the day of the act or event from which the time period begins to run is not included and the last day of the time period is included. Contract acceptance occurs on the date that the signed Contract (and any incorporated counter offer) is delivered to and received by the appropriate Broker. Acts that must be performed three days prior to the COE Date must be performed three full days prior (i.e., if COE Date is Friday the act must be performed by 11:59 p.m. on Monday).

8j. **Entire Agreement:** This Contract, and any addenda and attachments, shall constitute the entire agreement between Seller and Buyer, shall supersede any other written or oral agreements between Seller and Buyer and can be modified only by a writing signed by Seller and Buyer. The failure to initial any page of this Contract shall not affect the validity or terms of this Contract.

8k. **Subsequent Offers:** Buyer acknowledges that Seller has the right to accept subsequent offers until COE. Seller understands that any subsequent offer accepted by the Seller must be a backup offer contingent on the cancellation of this Contract.

8l. **Cancellation:** A party who wishes to exercise the right of cancellation as allowed herein may cancel this Contract by delivering notice stating the reason for cancellation to the other party or to the Escrow Company. Cancellation shall become effective immediately upon delivery of the cancellation notice.

8m. **Notice:** Unless otherwise provided, delivery of all notices and documentation required or permitted hereunder shall be in writing and deemed delivered and received when (i) hand-delivered, (ii) sent via facsimile transmission, (iii) sent via electronic mail, if email addresses are provided herein, or (iv) sent by recognized overnight courier service, and addressed to Buyer as indicated in Section 8r, to Seller as indicated in Section 9a and to the Escrow Company indicated in Section 3a.

8n. **Earnest Money:** Earnest Money is in the form of: ☒ Personal Check ☐ Other: _____
If applicable, Earnest Money has been received by Broker named in Section 8r and upon acceptance of this offer will be deposited with: ☒ Escrow Company ☐ Broker's Trust Account

8o. **Release of Broker(s): Seller and Buyer hereby expressly release, hold harmless and indemnify Broker(s) in this transaction from any and all liability and responsibility regarding financing, the condition, square footage, lot lines, boundaries, value, rent rolls, environmental problems, sanitation systems, roof, wood infestation, building codes, governmental regulations, insurance or any other matter relating to the value or condition of the Premises.**

(BUYER'S INITIALS REQUIRED) JPB BUYER _____ BUYER

8p. **Terms of Acceptance:** This offer will become a binding Contract when acceptance is signed by Seller and a signed copy delivered in person, by mail, facsimile or electronically, and received by Broker named in Section 8r by May 6, 2009 at 5:00 ☐ a.m. ☒ p.m., Mountain Standard Time. Buyer may withdraw this offer at any time prior to receipt of Seller's signed acceptance. If no signed acceptance is received by this date and time, this offer shall be deemed withdrawn and the Buyer's Earnest Money shall be returned.

8q. THIS CONTRACT CONTAINS NINE PAGES EXCLUSIVE OF ANY ADDENDA AND ATTACHMENTS. PLEASE ENSURE THAT YOU HAVE RECEIVED AND READ ALL NINE PAGES OF THIS OFFER AS WELL AS ANY ADDENDA AND ATTACHMENTS.

>>

ACC009148
SCHMERMAN
FILE#8145

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<initials> SELLER SELLER

Initials> JPB BUYER BUYER

Produced with ZipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.zipLogix.com

Barnes, JP Pal

ST SCHMERMAN 000019

May 05 09 06:27p Bay Hearman 602 2530690 p.8

Residential Resale Real Estate Purchase Contract >>

8r. 367. **Broker on behalf of Buyer:**

368. Kathy B. Wright (PRINT SALESPERSON'S NAME) — XW066 (AGENT CODE) — 1ST USA REALTY PROFESSIONALS (PRINT FIRM NAME) — FU2A01 (FIRM CODE)

369. 9120 E. CACTUS RD., SUITE 310 (FIRM ADDRESS) — SCOTTSDALE — AZ (STATE) — 85260 (ZIP CODE)

370. (602) 762-3689 (TELEPHONE) — (602) 404-6888 (FAX) — kathyi@myrealtor4cox.net (EMAIL)

8s. 371. **Agency Confirmation:** The Broker named in Section 8r above is the agent of (check one):
372. [X] the Buyer; [ ] the Seller; or [ ] both the Buyer and Seller

8t. 373. **The undersigned agree to purchase the Premises on the terms and conditions herein stated and acknowledge receipt of**
374. **a copy hereof including the Buyer Attachment.**

375. James Patrick Barnes — 05/04/2009 (MO/DA/YR) — * BUYER'S SIGNATURE — * BUYER'S SIGNATURE — MO/DA/YR

376. James Patrick Barnes — [redacted] (ADDRESS) — ADDRESS

377. [redacted] AZ [redacted] (CITY, STATE, ZIP CODE) — CITY, STATE, ZIP CODE

9. SELLER ACCEPTANCE

9a. 378. **Broker on behalf of Seller:**

379. Bev Haarman (PRINT SALESPERSON'S NAME) — 4413 (AGENT CODE) — Realty Executives (PRINT FIRM NAME) — REAX16 (FIRM CODE)

380. Realty Executives (FIRM ADDRESS) — AZ (STATE) — (ZIP CODE)

381. 602-997-7324 (TELEPHONE) — 602-9436789 (FAX) — SUNSHINEBEVH@AOL.COM (EMAIL)

9b. 382. **Agency Confirmation:** The Broker named in Section 9a above is the agent of (check one):
383. [X] the Seller; or [ ] both the Buyer and Seller

9c. 384. **The undersigned agree to sell the Premises on the terms and conditions herein stated, acknowledge receipt of a**
385. **copy hereof and grant permission to Broker named on Section 9a to deliver a copy to Buyer.**

386. [ ] Counter Offer is attached, and is incorporated herein by reference. Seller should sign both this offer and the Counter Offer.
387. If there is a conflict between this offer and the Counter Offer, the provisions of the Counter Offer shall be controlling.

388. [signature] C&P Beaver Trust 05-05-2009 (MO/DA/YR) — * SELLER'S SIGNATURE — * SELLER'S SIGNATURE — MO/DA/YR

389. Richard M. Schmerman Successor Trustee (SELLER'S NAME PRINTED) — SELLER'S NAME PRINTED

390. 5312 North 12th Street Suite 301 (ADDRESS) — ADDRESS

391. Phoenix, Arizona 85014 (CITY, STATE, ZIP CODE) — CITY, STATE, ZIP CODE

392. [ ] **OFFER REJECTED BY SELLER:** _____ (MONTH) _____ (DAY) _____ (YEAR) _____ (SELLER'S INITIALS)

For Broker Use Only:

Brokerage File/Log No. _____ Manager's Initials _____ Broker's Initials _____ Date _____ (MO/DA/YR)

ACC009149
SCHMERMAN
FILE#8145

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SELLER | SELLER <initials> — initials> BUYER | BUYER

Produced with ZipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.zipLogix.com

Barnes, JP Pal

ST SCHMERMAN 000020

May 05 09 06:28p Bev Haarman 602 2530590 p.9

The 1031 Exchange Experts LLC

Writing the Book on 1031 Exchanges

May 13, 2009

Tanya Daly
Security Title Agency

Re: James Patrick Barnes ("Exchanger")
Escrow No.: ST09008204-ST54
Address: [redacted] AZ

MODIFICATIONS TO THE CLOSING STATEMENT

Please fax or email a copy of the closing statement to our office for review prior to closing.

- BUYER: "The 1031 Exchange Experts, LLC, Qualified Intermediary (or QI) for James Patrick Barnes, Exchanger".
- LINE ITEM:Please label funds to be transferred from this office as "Exchange proceeds transferred from The 1031 Exchange Experts, LLC".
- SIGNATURE LINES: Please prepare signature lines for "The 1031 Exchange Experts, LLC" as "Buyer" and for James Patrick Barnes to sign as "Exchanger".

Our Exchange Agreement calls for direct deeding. Please transfer title directly from Patricia M. Beauvais, Trustee of the "C and P" Beauvais Bypass Trust, created April 1, 1997 to James Patrick Barnes.

Please forward a copy of the settlement statement for our review at your earliest convenience.

DOCUMENTS THAT REQUIRE ATTENTION:

Please return the signature pages for these documents via fax or email after closing.

- Assignment of Real Estate Purchase & Sale Agreement for Exchange Property
- Notice of Assignment of Real Estate Purchase & Sale Agreement
- Final, fully executed closing statement

If you have any questions, please do not hesitate to contact our office.

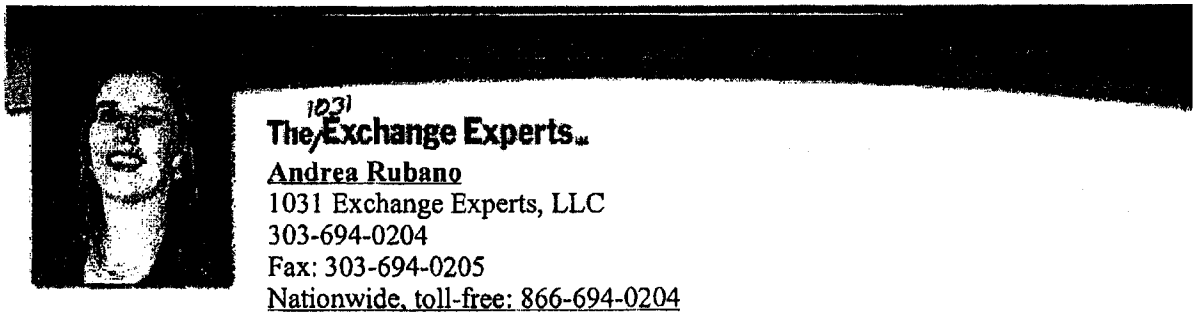
Sincerely,

Andrea Rubano
Andrea@expert1031.com

ACC009150
SCHMERMAN
FILE#8145

Saenz-Daly, Tanya

From: Andrea Rubano [andrea@expert1031.com]
Sent: Wednesday, May 13, 2009 11:12 AM
To: Saenz-Daly, Tanya
Cc: jpb123jpb@[redacted]
Subject: [redacted] (James Patrick Barnes)
Attachments: Exchange Docs.pdf



The 1031 Exchange Experts
Andrea Rubano
1031 Exchange Experts, LLC
303-694-0204
Fax: 303-694-0205
Nationwide, toll-free: 866-694-0204

Tanya,

Attached are the exchange documents for James Patrick Barnes' purchase of [redacted]
Please send us a copy of the Settlement Statement, for our review and approval, at your earliest convenience.

Patrick Barnes closes on his sale property this Friday, and his exchange proceeds will be wired to you directly from Chicago Title. Once I see a Settlement Statement from that closing, I'll let you know the exact amount of exchange proceeds you'll be receiving.

Thanks,

Andrea Rubano
1031 Exchange Experts, LLC

PLEASE NOTE OUR NEW ADDRESS EFFECTIVE APRIL 15, 2009:

5600 GREENWOOD PLAZA BLVD., SUITE 200, GREENWOOD VILLAGE, CO 80111

5600 Greenwood Plaza Blvd., Suite 200 | Greenwood Village | CO | 80111

If at any time you feel that you are not receiving truly outstanding customer service from me, please contact the owner,

The 1031 Exchange Experts LLC
Writing the Book on 1031 Exchanges

NOTICE OF ASSIGNMENT
OF REAL PROPERTY
PURCHASE AND SALE AGREEMENT

[redacted], AZ

May 13, 2009

RE: Assignment of Real Property Purchase and Sale Agreement

Patricia:

This letter is to inform you that James Patrick Barnes ("Exchanger") has assigned all of Exchanger's rights but not its obligations, as the purchaser under that certain Purchase and Sale Agreement by and between Exchanger, as purchaser, and Patricia M. Beauvais, Trustee of the "C and P" Beauvais Bypass Trust, created April 1, 1997, as seller, to The 1031 Exchange Experts, LLC in order to facilitate a like-kind exchange pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended.

THE 1031 EXCHANGE EXPERTS, LLC

Bridget Quandt, Exchange Consultant

ACKNOWLEDGED BY:

I HEREBY CERTIFY that I delivered a copy of this Notice of Assignment to Patricia M. Beauvais, Trustee of the "C and P" Beauvais Bypass Trust, created April 1, 1997 on 5/19/09, 2009.

Tanya Daly
Security Title Agency

ACC009152
SCHMERMAN
FILE#8145

Nationwide, Toll-free:
VOICE: 866-694-0204 • FAX: 866-399-2511 • WEB: www.expert1031.com

ASSIGNMENT OF
REAL PROPERTY PURCHASE & SALE AGREEMENT
FOR EXCHANGE PROPERTY

[redacted] AZ

THIS ASSIGNMENT is entered into, by and between The 1031 Exchange Experts, LLC ("Experts") and James Patrick Barnes ("Exchanger").

RECITALS

WHEREAS Exchanger, as purchaser, and Patricia M. Beauvais, Trustee of the "C and P" Beauvais Bypass Trust, created April 1, 1997 ("Seller"), as seller, entered into a certain purchase and sale agreement ("Purchase Agreement") concerning certain real property more particularly described in the Purchase Agreement (the "Replacement Property");

WHEREAS Experts and Exchanger have entered into an Exchange Agreement, in which Experts has agreed to acquire the Replacement Property and transfer same to Exchanger as part of an integrated, interdependent transaction which qualifies as a like-kind exchange in accordance with Section 1031 of the Internal Revenue Code of 1986, as amended;

WHEREAS Seller agreed in the terms of the Purchase Agreement to reasonably cooperate with Exchanger as necessary to enable Exchanger to complete a like-kind exchange;

WHEREAS Exchanger wishes to assign its interest in the Purchase Agreement to Experts, and Experts has agreed to accept such assignment, on the terms and conditions contained herein, and in accordance as the terms and conditions of the Exchange Agreement.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties to this Assignment agree:

Nationwide, Toll-free:
VOICE: 866-694-0204 • FAX: 866-399-2511 • WEB: www.expert1031.com

1. Exchanger hereby assigns, transfers, and conveys to Experts all of Exchanger's rights, but not its obligations, under the Purchase Agreement, including any security deposit paid in connection with the Purchase Agreement. All obligations, representations, and warranties of Exchanger to Seller shall remain unmodified and survive this Assignment.

2. The assignment described in paragraph 1 above shall be subject to the following conditions: (a) Experts shall direct Seller to convey the Replacement Property directly by deed from Seller to Exchanger; (b) Experts shall pay directly to Seller the net proceeds due to Seller under the terms of the Purchase Agreement, and in accordance with funds transfer instructions received by Experts in connection with the closing of escrow of the Relinquished Property; (c) Exchanger's compliance with the terms and conditions of the Exchange Agreement; and (d) Exchanger's review and approval of any documents related to the transfer of the Replacement Property, including all closing documents.

3. This Assignment may be executed in any number of counterparts, and each shall be considered an original and together shall constitute one agreement.

IN WITNESS WHEREOF, the parties have executed this assignment as their free and voluntary act and deed, on the date indicated by each signature.

THE 1031 EXCHANGE EXPERTS, LLC

Bridget Quandt, Exchange Consultant

5-13-09
Date

EXCHANGER

James Patrick Barnes

5-19-2009
Date

ACC009154
SCHMERMAN
FILE#8145

Saenz-Daly, Tanya

From: Andrea Rubano [andrea@expert1031.com]
Sent: Tuesday, May 19, 2009 8:42 AM
To: Saenz-Daly, Tanya
Subject: RE: SETTLEMENT SETTLEMENT FOR [redacted]
Attachments: Settlement Statement.pdf

The 1031 Exchange Experts.
Andrea Rubano
1031 Exchange Experts, LLC
303-694-0204
Fax: 303-694-0205
Nationwide, toll-free: 866-694-0204

Tanya,

Looks good. I made one small change, I added "as QI for James Patrick Barnes" as the "Buyer". Just as reminder, our name is not on the title, title passes directly from the seller to James Patrick Barnes.

Thanks,

Andrea Rubano
1031 Exchange Experts, LLC

PLEASE NOTE OUR NEW ADDRESS EFFECTIVE APRIL 15, 2009:
5600 GREENWOOD PLAZA BLVD., SUITE 200, GREENWOOD VILLAGE, CO 80111

5600 Greenwood Plaza Blvd., Suite 200 | Greenwood Village | CO | 80111

If at any time you feel that you are not receiving truly outstanding customer service from me, please contact the owner, **Debby Gorman**, at 303-694-0204.

From: Saenz-Daly, Tanya [mailto:tdaly@securitytitle.com]
Sent: Tuesday, May 19, 2009 9:07 AM
To: kathyismyrealtor@cox.net; Andrea Rubano; sunshinebevh@aol.com
Subject: SETTLEMENT SETTLEMENT FOR [redacted]

ACC009155
SCHMERMAN
FILE#8145

Good Morning Ladies,

Attached is the cash settlement statement for Palmcroft Way. The seller is signing today at 2pm and

SECURITY TITLE AGENCY

8130 E. Cactus Rd., Ste. 520, Scottsdale, AZ 85260
(602)953-4818 FAX (602)953-4819

TO: Security Title Agency
8130 E. Cactus Rd., Ste. 520
Scottsdale, AZ 85260

Date: May 19, 2009
Escrow No.: ST09008204-ST54
Borrower: THE 1031 EXCHANGE EXPERTS, LLC AS QI FOR JAMES PATRICK BARNES, EXCHANGER
Seller: THE "C AND P" BEAUVAIS BYPASS TRUST, CREATED APRIL 1, 1997
Property Address:
[redacted] Arizona

BROKER'S DEMAND

The total commission under the above escrow is 5.0000% = $19,950.00 to be disbursed as follows:

TO: REALTY EXECUTIVES	$ 7,980.00
TO: 1ST USA REALTY	$ 11,970.00

PLEASE RETURN THIS FORM TO ESCROW.... THANK YOU.

APPROVED BY:

Listing Broker

Designated Broker

THE "C AND P" BEAUVAIS BYPASS TRUST, CREATED APRIL 1, 1997

BY: _____
RICHARD M. SCHMERMAN, SUCCESSOR TRUSTEE

Selling Broker

Designated Broker

ACC009156
SCHMERMAN
FILE#6145

Demand (Broker)
FDAZ0290.rdw

1ST USA REALTY PROFESSIONALS

2500 S. POWER RD STE. 116
MESA AZ 85209
Phone: (480)981-3200 Fax: (480)659-8267

Commission Disbursement Authorization

To: SECURITY TITLE

, AZ
Attn: TANYA DALY

Printed: May 19, 2009
Phone #: (602)453-4818
Fax #: (602)294-8445
Escrow #:

This will serve to authorize and direct the escrow company to disburse from the closing of the escrow numbered above as follows:

Seller: TRUSTEE FO R THE ESTATE OF PATRICIA BEAUYAIS Buyer: JAMES PATRICK BARNES

Our File #: 51020122-A

Property Address: [redacted]

Sell Price: $399,000.00 Sold Date: May 04, 2009 Close Date: May 26, 2009

********* Please disburse funds as follows *********

Our Agent: KATHLEEN WRIGHT	$11,570.00
1ST USA REALTY PROFESSIONALS	$400.00
Total Disbursements:	$11,970.00

*****COMPLETE*************

EFFECTIVE FEBRUARY 1, 2009

1ST USA REALTY PROFESSIONALS, COMMISSION CHECKS WILL BE CUT DIRECTLY FROM TITLE. MAKE OUT CHECKS TO AGENTS IN THIER NAMES. SEND 1ST USA REALTY PROFESSIONALS PORTION TO US AT 2500 S. POWER RD #116, MESA, AZ 85209.

ALL DIRECT CUT INSTRUCTIONS FOR 1STUSA REALTY PROFESSTIONALS AGENTS WHICH ARE NOT COMPLETE, WILL BE CLEARLY MARKED WITH AN "INCOMPLETE" WATERMARK.

FOR INSTUCTIONS MARKED "INCOMPLETE", PLEASE CUT A CHECK FOR THE AGENT, FOR 1ST USA REALTY PROFESSIONALS FEES, AND FORWARD BOTH CHECKS DIRECTLY TO THE CORPORATE OFFICE AT 2500 S. POWER RD STE. 116 MESA, AZ 85209 FOR DISBURSEMENT AFTER THE AGENT HAS COMPLETED ALL PAPERWORK REQUIREMENTS.

INSTRUCTIONS THAT DO NOT CONTAIN A WATERMARK IS CONSIDERED COMPLETE, AND MAY BE DISBURSED DIRECTLY TO THE AGENTFROM TITLE, LESS ANY FEES FOR CENTURY 21 PREMIER.

ANY CHANGES THAT NEED TO BE MADE TO THE CLOSE OF ESCROW, SALES PRICE, OR COMMISSION AMOUNT PLEASE CONTACT MONICA CONLEY AT MCONLEY@1STUSAREALTY.COM OR KRISTIN WHITE AT KRISTIN.WHITE@1STUSAREALTY.COM.

THANK YOU!

ACC009157
SCHMERMAN
FILE#8145

INSTRUCTIONS FOR DISBURSEMENT OF ESCROW PROCEEDS

All information must be provided to facilitate disbursement of the proceeds as requested.

To: Security Title Agency

Date: May 19, 2009
Escrow No.: ST09008204-ST54
Property Address:
[redacted]
Arizona [redacted]

Escrow Agent is directed to deposit funds on behalf of the undersigned as follows (choose one):

( ) **I/We will pick up my/our check at your office.**

( ) **I/We authorize _____ to pick up my/our check.**

( ) **Send your title company check as follows (choose one):**

( ) Overnight Delivery *OR* ( ) US Mail
( ) Residence ( ) Business Address*

*Name of Business _____
Provide name of business if sent to a business address

Street Address _____

City, State, Zip _____

Phone Number for air bill: _____

Wire transfer to:

Bank: Sunwest Federal Credit Union

Street Address _____

City, State, Zip _____

A.B.A. Routing No. 322172506

Account No. [redacted]5752

Name as shown on account C + P Beauvais Trust
Account must be in the name of person(s) entitled to proceeds.

I/We understand and agree that any deposit may not be completed for up to 2 business days after recordation. I/We acknowledge that any deposit may not be made in the event problems arise beyond the control of Escrow Agent resulting in a delay in the remittance or receipt of such deposit. Escrow Agent assumes no liability, direct or indirect for special or consequential damages, expenses or costs resulting from any action or failure of the above depository to process any deposit.

I/We agree to pay wire fees, courier fees or overnight delivery fees in the amount of $ as may be incurred, which may be deducted from the amount due me/us.

All proceeds will be made payable to the seller or borrower as title is held.
All Parties entitled to these proceeds from the above escrow must sign this form.
These instructions cannot be changed unless in writing by all of the undersigned parties.

_____ _____
Signature Signature

Street Address _____

Day Phone: _____ Evening Phone: _____

Email: _____

Instructions (Disbursement of Escrow Proceeds) 7/24/05; Rev. 5/25/07
FDAZ0365.rdw

ACC009158
SCHMERMAN
FILE#8145

AMERICAN HOME SHIELD

ESCROW INVOICE

Attention Closing Company Agent: YOLANDA AGUILAR

Closing Company:
SECURITY TITLE
8130 E CACTUS RD, STE 520
SCOTTSDALE, AZ 85260-1617

Closing Agent: YOLANDA AGUILAR

Real Estate Company:
FSBO NEVADA
PO BOX 849
CARROLL, IA 51401-0849

Agent:

Closing File #: ST09008204
Expected Date of Close: 05/20/2009
Buyer Name: JAMS PATRICK BARNS
Property Address:
[redacted]
[redacted] AZ [redacted]

Dwelling Type:
Single Family Residence under 5,000 sq.ft.

IMPORTANT INFORMATION FOR THE CLOSING COMPANY
(Please provide a copy of this document to the buyer)

Basic/Core Coverage:	$425.00
Optional Coverage:	$160.00
Total:	**$585.00**

For Sales call: 1-800-SEL-HOME (1-800-735-4663)

Make check payable to:
American Home Shield
P.O. Box 2803
Memphis, TN 38101-2803

Write this number on check: 20674934

Welcome to the American Home Shield family! We are pleased to offer Home Warranty coverage for one of your most valuable assets, your home.

Should you need service at anytime visit www.ahsservice.com or call 1-800-776-4663 24 hours a day to request service. Your contract number is: 20674934

The attached document will provide you with a quick summary of the home warranty coverage on your new home and how to access service should you need it prior to the delivery of your full contract package. Your contract package will be delivered in the next couple of weeks and will contain all the details of your coverage. We look forward to providing you the quality of service our customers have come to expect from us for over 35 years.

1-800-SEL-HOME (1-800-735-4663)

ACC009159
SCHMERMAN
FILE#8145

AMERICAN HOME SHIELD

ESCROW INVOICE

Attention Closing Company Agent: YOLANDA AGUILAR

Customer legend for Basic/Core and Optional Coverages: S = Seller Only; B = Buyer Only; S/B = Seller and Buyer

Basic/Core Coverages:

Description	Customer	Price
- Air Conditioning	B	Incl.
- Built-In Microwaves	B	Incl.
- Dishwashers	B	Incl.
- Ductwork	B	Incl.
- Electrical	B	Incl.
- Garbage Disposals	B	Incl.
- Heating	B	Incl.
- Insufficiently Maintained Equipment	B	Incl.
- Plumbing	B	Incl.
- Plumbing Stoppages	B	Incl.
- Presence of Rust & Corrosion	B	Incl.
- Ranges, Ovens, Cooktops	B	Incl.
- Trash Compactors	B	Incl.
- Water Heaters	B	Incl.
		$425.00

Optional Coverages:

Description	Customer	Qty.	Price
SERVICEPLUS PACKAGE	B	All	Incl.
- Code Violations ($250 Per Contract Term)	B	All	
- Improper Installations, Repairs, or Modifications	B	All	
- Mismatched Systems	B	All	
- Permits ($250 Per Occurrence)	B	All	
- Refrigerant Recapture, Reclaim, and Disposal	B	All	
- Removal of Defective Equipment	B	All	
- Undetectable Pre-Existing Conditions	B	All	
COVERAGEPLUS PACKAGE	B	All	Incl.
- A/C (Geothermal/water source heat pumps, Electric non-ducted wall AC units, Registers, Grills)	B	All	
- Built-In Microwave Oven (Door Glass, Racks)	B	All	
- Built-In Food Centers	B	All	
- Ceiling Fans	B	All	
- Central Vacuums	B	All	
- Doorbells	B	All	
- Ductwork and Plumbing located in concrete ($1,000 Limit each)	B	All	
- Garage Door Opener (Hinges, Springs, Remote Transmitter)	B	All	
- Garage Door Openers	B	All	
- Heating (Geothermal/water source heat pumps, Grills, Heat Lamps, Registers)	B	All	
- Instant Hot/Cold Water Dispensers	B	All	
- Plumbing (Pressure Regulators, Faucets, Shower Arms & Heads, Hose Bibs, Toilets,Sewage Ejector Pump)	B	All	
- Ranges, Ovens, Cooktops (Clocks, Dials, Handles, Knobs, Racks, Rotisseries)	B	All	
- Smoke Detectors	B	All	
- Telephone Wiring	B	All	
- Trash Compactors (Removable Buckets)	B	All	
SINGLE ITEM OPTIONS:			
- Additional Refrigerator with Ice Maker (Only available w/ purchase of Kitchen Refrigerator)	B	-	
- Additional Spa	B	-	
- Clothes Washer and Clothes Dryer	B	-	
- Clothes Washer, Clothes Dryer, Refrigerator w/ Ice Maker	B	-	
- Free Standing Ice Maker	B	-	
- Kitchen Refrigerator with Ice Maker	B	-	
- Pool Only	B	-	
- Pool/Spa Common Equipment	B	1	$160.00
- Septic System Pumping and Septic Sewage Ejector Pump	B	-	
- Spa Only	B	-	
- Water Softener	B	-	
- Well Pump	B	-	
			$160.00

Basic/Core Coverage:	$425.00
Optional Coverage:	$160.00
Total:	**$585.00**

Contract Number: 20674934

Property Address:

[redacted] AZ [redacted]

Dwelling Type:

Single Family Residence under 5,000 sq.ft.

Service Fee: $60.00*

* Specific covered items may have a higher service fee.

For Sales call:
1-800-735-4663

For Service visit or call:
www.ahsservice.com
1-800-776-4663

American Home Shield will not reimburse for services performed without its prior approval.

Administered by:

AMERICAN HOME SHIELD

ACC009160
SCHMERMAN
FILE#8145

Maricopa County
Treasurer's Office

CP # 07002901 - Parcel 111-08-093 1

		Total Due By 5/31/2009	Total Due By 6/30/2009
A tax lien was sold on 2/9/2009 to CP Buyer Number 11060 on the property described above for taxes.(2)			
Certificate of Purchase (C.P.) Number 07002901			
	For Tax Year 2007	$3,247.05	$3,247.05
Interest Factor: 16.00%	Redemption Interest(3)	$173.17	$216.46
	Redemption Fee	$25.00	$25.00
	C.P. Total	**$3,445.22**	**$3,488.51**

Redemption payments must be made in certified funds only: CASHIERS CHECK, CERTIFIED CHECK, MONEY ORDER or CASH. No personal checks.

Full Redemption Statement

(1) A.R.S. 42-18153
(2) A.R.S. 42-18113, 18115
(3) A.R.S. 42-18118

ACC009161
SCHMERMAN
FILE#8145

Maricopa County
Treasurer's Office

Tax Due - Parcel 111-08-093 1

Select Tax Year: 2008 **Select payment date:** 5/19/2009 Submit

Tax Due if Paid By 5/19/2009

Tax Breakdown		1st Half	2nd Half	Total
Tax Due:		$1,572.35	$1,572.35	$3,144.70
Interest Due:		$146.75	$20.96	$167.71
Fees Due:		$0.00	$0.00	$0.00
---		---	---	---
Total Due:		$1,719.10	$1,593.31	$3,312.41

Partial payments will be applied first to all interest and fees due, with the remaining payment balance applied to the tax amount.
For payment terms and conditions, view our taxes due section on frequently asked questions.

WE DO NOT PROVIDE FOR SCHEDULED PAYMENTS. PAYMENTS ARE PROCESSED THE DAY THEY ARE ENTERED.

Pay Online Create Stub

ACC009162
SCHMERMAN
FILE#8145

SECURITY TITLE AGENCY

Title No.: ST09008204

COMMITMENT FOR TITLE INSURANCE

Issued by

Ticor Title Insurance Company

Ticor Title Insurance Company ("Company"), for a valuable consideration, commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the Proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest in the land described or referred to in Schedule A, upon payment of the premiums and charges and compliance with the Requirements; all subject to the provisions of Schedules A and B and to the Conditions of this Commitment.

This Commitment shall be effective only when the Identity of the Proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A by the Company.

All liability and obligation under this Commitment shall cease and terminate 6 months after the Effective Date or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue the policy or policies is not the fault of the Company.

The Company will provide a sample of the policy form upon request.

IN WITNESS WHEREOF, TICOR TITLE INSURANCE COMPANY has caused its corporate name and seal to be affixed by its duly authorized officers on the date shown in Schedule A.

TICOR TITLE INSURANCE COMPANY

BY

President

ATTEST

Secretary

Countersigned

FDAZ0243.rdw

ALTA Commitment - 2006

ACC009163
SCHMERMAN
FILE#8145

Title No.: ST09008204

SECURITY TITLE AGENCY

7600 N 15th St, Suite 200
Phoenix, AZ 85020

SCHEDULE A

Title Officer: Chris Ziegler
Escrow Officer: Tanya Saenz-Daly
Escrow No.: ST09008204-ST54

1. Effective date: May 1, 2009 at 07:30 AM
2. Policy or Policies to be issued: Amount
   (a) Owner's Policy (ALTA Owner's Policy (06/17/2006) (Standard)) $ 399,000.00
   Proposed Insured:
   JAMES PATRICK BARNES, a(n)_____ man
3. The estate or interest in the land described or referred to in this Commitment is:
   A Fee
4. Title to the estate or interest in the land is at the Effective Date vested in:
   Patricia M. Beauvais, Trustee of the "C AND P" BEAUVAIS BYPASS TRUST, created April 1, 1997
5. The land referred to in the Commitment is described as follows:
   SEE EXHIBIT "ONE" ATTACHED HERETO AND MADE A PART HEREOF

Issuing Agent For Ticor Title Insurance Company

Title No.: ST09008204

SECURITY TITLE AGENCY

LEGAL DESCRIPTION

EXHIBIT "ONE"

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF MARICOPA, STATE OF ARIZONA AND IS DESCRIBED AS FOLLOWS:

Lot 237, PALMCROFT, according to Book 19 of Maps, page 32, records of Maricopa County, Arizona.

Title No.: ST09008204

SECURITY TITLE AGENCY

SCHEDULE B - SECTION I

REQUIREMENTS

1. Pay the agreed amounts for the interest in the Land and/or the mortgage to be insured.
2. Pay us the premiums, fees and charges for the policy.
3. Documents satisfactory to us creating the interest in the Land and/or the mortgage to be insured must be signed, delivered and recorded.
4. You must tell us in writing the name of anyone not referred to in this commitment who will get an interest in the Land or who will make a loan on the Land. We may then make additional requirements or exceptions.
5. Pay the delinquent property taxes including interest, fees, and costs for the year(s) shown below:

   Year(s): 2007
   APN: 111-08-093
   Certificate of Purchase No: 07002901

6. Payment of taxes for the FULL YEAR (now delinquent) of the year 2008 plus interest and penalties, if any.
7. Please be advised that our search did not disclose any open Deeds of Trust of record. If you should have knowledge of any outstanding obligation, please contact the Title Department immediately for further review prior to closing.
8. Furnish for recordation an affidavit executed by the Trustee(s) of the trust named below, stating that the Trust referred to below has not been amended or revoked and that the affiant(s) is the current trustee(s) and disclosing name(s) of SUCCESSOR TRUSTEE(S).

   Trustee(s): Patricia M. Beuvais
   Name of Trust: Patricia M. Beauvais, Trustee of the "C AND P" BEAUVAIS BYPASS TRUST, created April 1, 1997

   The Company reserves the right to add additional items or make further requirements after review of the requested documentation.
9. Provide for recordation a Court certified copy of the Death Certificate for Patricia M. Beauvais, deceased.
10. The Company will require satisfactory evidence from all present trustees of the "C AND P" BEAUVAIS BYPASS TRUST, created April 1, 1997 that the trust is in full force and effect and that pursuant to the terms of said trust they have the authority to consummate requirements based upon information furnished.
11. Furnish for recordation a deed as set forth below:

    Type of deed: Warranty Deed
    Grantor(s): _____, SUCCESSOR TRUSTEE(S) of the "C AND P" BEAUVAIS BYPASS TRUST, dated April 1, 1997
    Grantee(s): JAMES PATRICK BARNES, a(n) _____ man

    This Deed must contain the disclosure of the names and addresses of the beneficiaries of said trust in compliance with ARS 33 404.

SCHEDULE B - SECTION I

(Continued)

12. Tax Note:

Year: 2008	
Tax Parcel No:	111-08-093
First Installment Amount:	$1,719.10
Second Installment Amount:	$1,593.31

13. Note: Property address is purported to be known as: 1811 N. Palmcroft Way, Phoenix, AZ, 85007

14. Note: There are NO conveyances affecting said Land recorded within 24 months of the date of this report.

15. Note: Pursuant to Arizona Revised Statutes 11-480, effective January 1, 1991, the County Recorder may not accept documents for recording that do not comply with the following:

    (a) Print must be ten-point type or larger.

    (b) Margins of at least one-half inch along all sides, including top and bottom, except the top of the first page which must be at least two inches for recording and return address information. The margin must be clear of all information including but not limited to, notaries, signatures, page numbers.

    (c) Each instrument shall be no larger than 8 - 1/2 inches in width and 14 inches in length.

16. Note: Any documents being executed in conjunction with this transaction must be signed in the presence of an authorized Company employee, an authorized employee of an agent, an authorized employee of the insured lender, or by using Bancserv or other approved third-party service. If the above requirement cannot be met, please call the Company at the number provided in this report.

17. Note: The policy of title insurance will include an arbitration provision. The Company or the Insured may demand arbitration. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. Please ask your escrow or title officer for a sample copy of the policy to be issued if you wish to review the arbitration provisions and any other provisions pertaining to your Title Insurance coverage.

END OF SCHEDULE B - SECTION I

SECURITY TITLE AGENCY

SCHEDULE B - SECTION II

EXCEPTIONS

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company:

1. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the Effective Date but prior to the date the Proposed Insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.
2. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
3. Any rights, interests or claims, which are not shown by the public records but which could be ascertained by an inspection of the Land or which may be asserted by persons in possession thereof.
4. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
5. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other matters which a correct survey would disclose and which are not shown by the public records.
6. (a) Unpatented mining claims: (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown in the public records.
7. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the year 2009.
8. The liabilities and obligations imposed upon said Land by reason of: (a) inclusion thereof within the boundaries of the Salt River Project Agricultural Improvement and Power District; (b) membership of the owner thereof in the Salt River Valley Water Users' Association, an Arizona corporation and (c) the terms of any Water Right Application made under the reclamation laws of the United States for the purposes of obtaining water rights for said Land.
9. Water rights, claims or title to water, whether or not disclosed by the public records.
10. Easements, covenants, conditions and restrictions as set forth on the recorded plat of said subdivision.
11. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

    Recording No.: Book 317, page 353 and Book 321 of Deed, page 345
    (lot 237)

END OF SCHEDULE B - SECTION II

Exhibit A (Revised 06-04-07)

AMERICAN LAND TITLE ASSOCIATION
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)
EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. *This includes building and zoning ordinances and also laws and regulations concerning:*
   - land use
   - improvements on the land
   - land division
   - environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.
This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

2. *The right to take the land by condemning it, unless:*
   - a notice of exercising the right appears in the public records
   - on the Policy Date
   - the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking
3. Title Risks:
   - that are created, allowed, or agreed to by you
   - that are known to you, but not to us, on the Policy Date — unless they appeared in the public records
   - that result in no loss to you
   - that first affect your title after the Policy Date — this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
4. Failure to pay value for your title.
5. Lack of a right:
   - to any land outside the area specifically described and referred to in Item 3 of Schedule A

OR

   - in streets, alleys, or waterways that touch your land

This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

SCHEDULE B
EXCEPTIONS

In addition to the Exclusions, you are not insured against loss, costs, attorneys' fees, and the expenses resulting from:

1. Any rights, interests or claims of parties in possession of the land not shown by the public records.
2. Any easements or liens not shown by the public records. This does not limit the lien coverage in Item 8 of Covered Title Risks.
3. Any facts about the land which a correct survey would disclose and which are not shown by the public records. This does not limit the forced removal coverage in Item 12 of Covered title Risks.
4. Any water rights or claims or title to water in or under the land, whether or not shown by the public records.

AMERICAN LAND TITLE ASSOCIATION
HOMEOWNER'S POLICY OF TITLE INSURANCE (10/22/03)
EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning:
   a. building
   b. zoning
   c. Land use
   d. Improvements on the Land
   e. Land division
   f. environmental protection

This Exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.
This Exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17 or 24.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.
3. The right to take the Land by condemning it, unless:
   a. a notice of exercising the right appears in the Public Records at the Policy Date; or
   b. the taking happened before the Policy Date and is binding on You if You bought the Land without Knowing of the taking.
4. Risks:
   a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records;
   b. that are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date;
   c. that result in no loss to You; or
   d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.d, 22, 23, 24 or 25.
5. Failure to pay value for Your Title.
6. Lack of a right:
   a. to any Land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
   b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 18.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

For Covered Risk 14, 15, 16 and 18, Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 14:	1.0 % of Policy Amount or $2,500 (whichever is less)	$10,000
Covered Risk 15:	1.0 % of Policy Amount or $5,000 (whichever is less)	$25,000
Covered Risk 16:	1.0 % of Policy Amount or $5,000 (whichever is less)	$25,000
Covered Risk 18:	1.0 % of Policy Amount or $5,000 (whichever is less)	$5,000

AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)
SCHEDULE OF EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
   (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
   (a) created, suffered, assumed or agreed to by the insured claimant;
   (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
   (c) resulting in no loss or damage to the insured claimant;
   (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or

ACC009170
SCHMERMAN
FILE#8145

Printed: 5/11/2009 4:52:27 PM UMST
Searched: 5/8/2009 12:43:00 PM

Printed By: jdani

TITLEPOINT
Tax Search
Maricopa, Arizona
Assessor's Parcel 111-08-093 1
Tax Year: 2008-2009
Payment as of: 04/25/2009

Order: ST09008204
Co: Security Title Agency
Dept: Title CRN: 1901200061
TO: 01
Created By: NextAce TPXML LOGIN

APN:	111-08-093 1								
Plat Book	Page	Block	Lot(s)	Subdivision	Section	Township	Range	QQ	Acres
					31	2N	3E		

Described As: PALMCROFT
Address: [redacted]
City:
Billing Address: [redacted] AZ [redacted]
Assessed Owner(s): BEAUVAIS PATRICIA M TR
Search As: Lot 237 Map 19/32
APN Arb 111-8 Parcel 93
Sec 31 T 2N R 3E

Use Code:	0141		Primary	Secondary	Conveyance Date: 07/10/1997
		Land AV:	21,310.00	6,635.00	Conveying Instrument: 970465710
SFR GRADE 010-4 URBAN SUBDIVIDED		Imp. AV:		26,540.00	
		Land FCV:	426,197.00	132,700.00	
Region Code:		Imp. FCV:		530,800.00	Square Footage
Flood Zone:		Exemptions:			Land: 8316
Zoning Code:		Tax Rate:	8.9436 %	3.7341 %	Improvements:
School Districts		Tax Rate Area:		011300	Tax Defaulted: 2008
Elem:	PHOENIX #1				Total Tax: 3,144.70
High:	PHOENIX				

Installment	Amount	Penalty	Due Date	Status	Payment Date	Balance
1st	1,572.35	146.75	11/01/2008	NOT PAID-DELINQUENT		1,719.10
2nd	1,572.35	20.96	05/01/2009	NOT PAID-DELINQUENT		1,593.31
						3,312.41

Due Thru 6/2009	Due Thru 7/2009	Due Thru 8/2009
$3,354.35	$3,396.28	$3,438.21

Imp Dist	Back Taxes
0	1

Back Taxes

Year	CP #	Bill Type	Purchase Date	Int. Rate	Amount	Cost/Fee	Accum Int
2007	07002901	INDIV	2/9/2009	16	2637.92	25.00	782.30
						CP Total:	3,445.22
						Total Balance:	3,445.22

Due Thru 6/2009	Due Thru 7/2009	Due Thru 8/2009
$3,488.51	$3,531.81	$3,575.10

THIS INFORMATION IS PROVIDED FOR CUSTOMER SERVICE PURPOSES ONLY. PROPERTY INSIGHT DOES NOT WARRANT, NOR GUARANTEE THE ACCURACY NOR COMPLETENESS OF THE INFORMATION SHOWN ON THIS REPORT

***** END OF REPORT *****

ACC009172
SCHMERMAN
FILE#8145

RECORDING AND POLICY INSTRUCTIONS

File #: ST54-ST09008204
Closing Officer: Tanya Saenz-Daly, Phone # (602)953-4818
Branch: 3636 N. Central Avenue, Suite 140, Phoenix, AZ 85012

Title Order # ST54-ST09008204
Title Officer: Chris Ziegler
Underwriter: Ticor Title Insurance Company

Instructions to Record:

Owner's Coverage	Lender's Coverage
ALTA Owner's Policy (06/17/2006) (Standard)	ALTA Loan Policy (06/17/2006)
SCHEDULE "A"	**SCHEDULE "A"**
Liability $399,000.00 Premium $1,540.00	Liability $ Premium $
Insured: JAMES PATRICK BARNES, a(n)_____ man Vesting: Estate: I1 Description: Lot 237,PALMCROFT Bk 19,Pg 32 111-08-093	Insured: Vesting: Estate: I1 Description: Lot 237,PALMCROFT Bk 19,Pg 32 111-08-093

released via email
5/19/2009

Show the following items: #5 & 6TAXES ☐☐

The following items were Paid in Escrow: #8 TRUST CERT
#9 RECORD DEATH CERT
#10 SENT TO C.Z.
#11 RECORD DEED

Disposition of Other Items:

ENDORSEMENTS

POLICY DELIVERY/MAILING INSTRUCTIONS

OWNER'S POLICY and 1 copies to:

THE 1031 EXCHANGE EXPERTS, LLC AS QI FOR
JAMES PATRICK BARNES, EXCHANGER
4601 N. 5TH STREET
PHOENIX, AZ 85012-1806

LENDER'S POLICY and 0 copies to: LENDER POLICY TO BE DELIVERED WITHIN DAYS!

Re:

ADDITIONAL INSTRUCTIONS:

Prepared By:_____ Date:_____ Approved By: _____ Date: _____

- Escrow Copy -

ACC009173
SCHMERMAN
FILE#8145

FDAZ0735.rdw

Recorded at the request of:
Security Title Agency

When recorded mail to:

RICHARD M. SCHMERMAN
5312 N. 12TH STREET, #301
PHOENIX, AZ 85014

Escrow No.: ST09008204-ST54

Space above this line for Recorder's Use

CAPTION HEADING:

DEATH CERTIFICATE

DO NOT REMOVE

This is part of the official document.

ACC009174
SCHMERMAN
FILE#8145

CERTIFICATION OF VITAL RECORD

VERIFICATION BOX (HOLD BETWEEN THUMB AND FOREFINGER, OR BREATHE ON IT, COLOR WILL CHANGE TO BLUE AND THEN RETURN.)

STATE OF ARIZONA

ORIGINAL STATE COPY

STATE OF ARIZONA
DEPARTMENT OF HEALTH SERVICES - OFFICE OF VITAL RECORDS
CERTIFICATE OF DEATH

DEATH NO. D-102 2007 - 025896

1. NAME OF DECEASED — A. FIRST: PATRICIA — B. MIDDLE: MARIE — C. LAST: BEAUVAIS
2. SEX: FEMALE
3. DATE OF DEATH — MONTH: JULY — DAY: 22 — YEAR: 2007
4A. RACE (e.g., white, black, American Indian, (specify tribe)etc.) SPECIFY: WHITE
4B. WAS DECEDENT OF HISPANIC ORIGIN (SPECIFY YES OR NO): NO
4C. IF YES, INDICATE MEXICAN, SPANISH, PUERTO RICAN, CUBAN, ETC.
5. WAS DECEASED EVER IN U.S. ARMED FORCES? (SPECIFY YES OR NO): NO
6. PLACE OF DEATH: MARICOPA
6A. COUNTY
6B. TOWN OR CITY: PHOENIX
6C. HOSPITAL OR INSTITUTION (IF RESIDENCE, GIVE STREET ADDRESS): [redacted]
6D. ☐ DOA ☐ DP EMER. ☐ IN PATIENT
7. DATE OF BIRTH — MONTH — DAY — YEAR: [redacted]
8A. AGE (YEARS LAST BIRTHDAY): 83
8B. IF UNDER 1 YEAR MOS. DAYS
8C. IF UNDER 1 DAY HRS. MIN.
9. MARRIED, NEVER MARRIED, WIDOWED, DIVORCED (SPECIFY): WIDOWED
10. SURVIVING SPOUSE (IF WIFE, GIVE MAIDEN NAME)
11. STATE AND CITY OF BIRTH (If not in USA, name country): BROOKLYN, NY
12. CITIZEN OF WHAT COUNTRY? SPECIFY: USA
13. SOCIAL SECURITY NO.: [redacted]
14A. USUAL OCCUPATION (Give kind of work done most of working life, even if retired): MANAGER
14B. KIND OF BUSINESS OR INDUSTRY: COMMUNICATIONS
15. USUAL RESIDENCE
15A. STATE: ARIZONA
15B. COUNTY: MARICOPA
15C. TOWN OR CITY: PHOENIX
15D. ZIP CODE: 85007
16. HOW LONG IN ARIZONA? 44 YEARS
17. EDUCATION HIGHEST GRADE COMPLETED
15E. STREET ADDRESS OF R.F.D.: 1811 N.W. PALMCROFT WAY
15F. INSIDE CITY LIMITS? (SPECIFY Yes or No): YES
15G. ON RESERVATIONS (SPECIFY Yes or No): NO
18. PREVIOUS STATE OF RESIDENCE: NEW YORK
18A. ELEMENTARY SECONDARY (0-12): 12
18B. COLLEGE (1-4 or 5+)
19. FATHER'S NAME — A. FIRST: HUGH — B. MIDDLE — C. LAST: PERRYMAN
20. MOTHER'S MAIDEN NAME — A. FIRST: KATHERYN — B. MIDDLE — C. LAST: MCANDREW
21. INFORMANT'S SIGNATURE: Barbara McGrath — RICHARD M. SCHMERMAN
22. RELATIONSHIP TO DEDEASED: FRIEND
23. ADDRESS — STREET NO.: 15312 N. 12TH ST. — CITY AND STATE: #301, PHOENIX, — ZIP CODE: AZ 85014
24. BURIAL, CREMATION, REMOVAL, OTHER (Specify): BURIAL
25. DATE: 7-26-2007
26. CEMETERY OR CREMATORY NAME/LOCATION: ST. FRANCIS CEMETERY, PHOENIX
27A. EMBALMER'S SIGNATURE: NOT EMBALMED
27B. CERT. NO.
28. FUNERAL HOME — NAME: WHITNEY & MURPHY FUNERAL HOME — STREET ADDRESS: 4800 E. INDIAN SCHOOL RD. — CITY AND STATE: PHOENIX, AZ 85018
29A. FUNERAL DIRECTOR or person acting as such (SIGNATURE): BARBARA MCGRATH
29B. CERT. NO.: 1126

To be completed by CERTIFYING PHYSICIAN ONLY

TO THE BEST OF MY KNOWLEDGE, DEATH OCCURRED AT THE TIME, DATE AND PLACE AND DUE TO THE CAUSE(S) STATED.
30. SIGNATURE AND TITLE:
31. DATE SIGNED (Mo., Day, Year): 7/23/07
32. HOUR OF DEATH: 4:45 A.M.

OR THERAPIES OF EXAMINATION AND/OR INVESTIGATION, IN MY OPINION DEATH OCCURRED AT THE TIME, DATE AND PLACE DUE TO THE CAUSE(S) AND MANNER STATED.
34. SIGNATURE AND TITLE:
35. DATE SIGNED (Mo., Day, Year)
36. HOUR OF DEATH
37. PRONOUNCED DEAD (Mo., Day, Year): ON
38. PRONOUNCED DEAD (Hour): AT

33. NAME OF ATTENDING PHYSICIAN OF OTHER THAN CERTIFIER (Type or print)
39. NAME AND ADDRESS OF CERTIFIER, PHYSICIAN, MEDICAL EXAMINER, OR TRIBAL LAW ENFORCEMENT AUTHORITY Type or Print: CLAIRE BOWEY, M.D., 333 E. VIRGINIA AVE., PHOENIX, AZ 85004
40. AUTHORIZED FOR CREMATION (SPECIFY) ☐ Yes ☒ No
41. MEDICAL EXAMINER'S SIGNATURE
42. DATE REGISTERED: JUL 25 2007
43. REG. FILE NO.: 15373
44. REGISTRAR'S SIGNATURE: Dominica Castellano Deputy
45. REG. DISTRICT: D 209
46. DATE REC'D IN STATE OFFICE

47. SEQUENTIALLY LIST CONDITIONS, IF ANY, LEADING TO IMMEDIATE CAUSE. ENTER UNDERLYING CAUSE (DISEASE OR INJURY THAT INITIATED EVENTS RESULTING IN DEATH) LAST. PART I
47A. IMMEDIATE CAUSE (FINAL DISEASE OR CONDITION RESULTING IN DEATH) (ENTER ONLY ONE CAUSE ON EACH LINE): FAILURE TO THRIVE — DAYS
47B. DUE TO OR AS A CONSEQUENCE OF: CVA, DVT'S, HTN, PVD, HYPERLIPIDEMIA, PULMONARY HYPERTENSION — YEARS
47C. DUE TO OR AS A CONSEQUENCE OF:
APPROXIMATE INTERVAL BETWEEN ONSET AND DEATH

48. PART II. Other significant conditions contributing to death but not resulting in the underlying cause given in Part I
49. AUTOPSY (Specify Yes or No): NO
50. WAS CASE REFERRED TO MEDICAL EXAMINER (Specify Yes or No): NO

51. MANNER OF DEATH: ☐ NATURAL CAUSES ☐ HOMICIDE ☐ ACCIDENT ☐ PENDING INVESTIGATION ☐ SUICIDE ☐ UNDETERMINED
52. DATE OF INJURY — MO — DAY — YR
53. HOUR
54. INJURY AT WORK? (Specify Yes or No)
55. DESCRIBE HOW INJURY OCCURRED
56. PLACE OF INJURY (At home, farm, street, factory, office building, etc.) SPECIFY
57. WHERE LOCATED? — STREET ADDRESS — CITY OR TOWN — STATE

58. SUPPLEMENTARY ENTRIES

FOR GOVERNMENT USE ONLY

Jul 31, 2007

Patricia Adams
PATRICIA ADAMS
ASSISTANT STATE REGISTRAR

This is a true certification of the facts on file with the OFFICE OF VITAL RECORDS, ARIZONA DEPARTMENT OF HEALTH SERVICES, PHOENIX, ARIZONA issued under the authority of A.R.S. 36-341, and by direction of:

This copy not valid unless prepared on a form displaying the State Seal and impressed with the raised seal of the issuing agency.

Arizona Department of Health Services

ANY ALTERATION OR ERASURE VOIDS THIS DOCUMENT

ACC009175
SCHMERMAN
FILE#8145

Aguilar, Yolanda C.

From: STPhoenixWireBoard
Sent: Tuesday, May 19, 2009 3:09 PM
To: Saenz-Daly, Tanya; Aguilar, Yolanda C.
Subject: Wire on ST54-ST09007315-DALYT in the amount of $250,224.68 received May 19 2009

File: **ST54-ST09007315-DALYT**

Type	Date	Bank Reference	Cust Reference	Amount
Outgoing Money Transfer	May 19 2009	5340300139		**$250,224.68**

YOUR REF=NONREF/ PAID TO=WELLS FARGO NA WELLS FARGO BANK SAN FRANCISCO CA 94111/ FED ID=121000248/ ACCT PARTY=/4127400093 WELLS FARGO HOME MORTGAGE/ REMARK=PO LN 708 0211108758 GEORGE JAMES ST09007315/ REC GFP=05192139/ MRN SEQ=00139JO53403/ FED R

***** If you believe this wire was applied to the above file incorrectly please notify the accounting department. Please DO NOT Reply to this email. *****

ACC009176
SCHMERMAN
FILE#8145

Recorded at the request of:
Security Title Agency

When recorded, mail to:
JAMES PATRICK BARNES
[redacted]
[redacted] AZ [redacted]

Escrow No.: ST09008204-ST54

Space above this line for Recorder's Use

WARRANTY DEED

For the consideration of Ten Dollars, and other valuable considerations,

THE "C AND P" BEAUVAIS BYPASS TRUST, CREATED APRIL 1, 1997

does hereby convey to

JAMES PATRICK BARNES, an Unmarried Man

the following real property situated in Maricopa County, Arizona:

Lot 237, PALMCROFT, according to Book 19 of Maps, page 32, records of Maricopa County, Arizona.

SUBJECT TO: Current taxes and other assessments, reservations in patents and all easements, rights of way, covenants, conditions and restrictions as may appear of record.

The undersigned hereby warrants the title against all persons whomsoever, subject to the matters set forth.

Dated: May 19, 2009

THE "C AND P" BEAUVAIS BYPASS TRUST, CREATED APRIL 1, 1997

BY: _____
RICHARD M. SCHMERMAN, SUCCESSOR
TRUSTEE

ACC009177
SCHMERMAN
FILE#8145

NOTARY ACKNOWLEDGMENT(S) TO WARRANTY DEED

State of Arizona

County of Maricopa

The foregoing document was acknowledged before me this 19th day of May 2009

by Richard M. Schmerman

Successor Trustee

(Seal)

OFFICIAL SEAL
TANYA R. SAENZ
NOTARY PUBLIC - State of Arizona
MARICOPA COUNTY
My Comm. Expires July 29, 2009

Notary Public

ACC009178
SCHMERMAN
FILE#8145

Escrow No.: ST09008204-ST54

TRUST CERTIFICATION

The undersigned being of legal age, declares under penalty of perjury:

1. Declarants certify the existence of the following described written trust and state that the Declarants are all of the current trustees.

2. Declarants certify the following information in regard to the Trust:

   a. Name of Trust: "C AND P" BEAUVAIS BYPASS TRUST
   b. Date of Trust: April 1, 1997
   c. Names of Trustor or Settlers: PATRICIA BEAUVIAS
   d. Original Trustees: PATRICIA BEAUVIAS

3. Declarants state that the Trust is in full force and effect. The Trust has not been revoked, terminated, or amended in any manner that would cause the representations made in this Certification to be incorrect.

4. Declarants state that the following named Trustees are fully empowered to act for the Trust and are properly exercising their authority under the Trust in negotiating for, contracting for, and executing the documents attached, or set forth below, and that no Trustees other than the following named Trustees are necessary under the provisions of the Trust to sign the documents:

   a. Names of Trustees authorized to sign: RICHARD M. SCHMERMAN, SUCCESSOR TRUSTEE
   b. See Attached Beneficiary Statement

5. Declarants state that to the best of their knowledge that there are no claims, challenges or causes of action alleged, that contest or question the validity of the Trust or the Trustee's authority to act in behalf of the Trust.

Dated: May 19, 2009

As Trustee

NOTARY ACKNOWLEDGMENT(S) TO TRUST CERTIFICATION

State of Arizona)
County of Maricopa)

Subscribed and sworn (or affirmed) before me this 15th day of May, 2009.

(seal)

OFFICIAL SEAL
TANYA R. SAENZ
NOTARY PUBLIC - State of Arizona
MARICOPA COUNTY
My Comm. Expires July 29, 2009

Notary Public

ACC009179
SCHMERMAN
FILE#8145

FDAZ0294.rdw

Trust Certification

BENEFICIARY'S STATEMENT

Name: See attached for Beneficiaries

Address:

Name:

Address:

Name:

Address:

Name:

Address:

Name:

Address:

Name:

Address:

Signature of Trustee

ACC009180
SCHMERMAN
FILE#8145

FDAZ0294.rdw

Trust Certification

AFFIDAVIT OF PROPERTY VALUE

1. ASSESSOR'S PARCEL IDENTIFICATION NUMBER(s)

Primary Parcel: _____ 111-08-093 _____ _____
BOOK MAP PARCEL SPLIT LETTER

Does this sale include any parcels that are being split / divided?

Check one: Yes ☐ No ☐

How many parcels, other than the Primary Parcel, are included in this sale? _____

Please list the additional parcels below (no more than four):

(1) _____ (3) _____

(2) _____ (4) _____

9. *FOR OFFICIAL USE ONLY: Buyer and Seller leave blank*

(a) County of Recordation: _____

(b) Docket & Page Number: _____

(c) Date of Recording: _____

(d) Fee / Recording Number: _____

Validation Codes:

(e) ASSESSOR _____ (f) DOR _____

ASSESSOR'S USE ONLY

Verify Primary Parcel in Item 1: _____ - _____ - _____ - _____

Use Code: **Full Cash Value: $**

2. SELLER'S NAME AND ADDRESS:
THE "C AND P" BEAUVAIS BYPASS,
5312 N. 12TH STREET #301
PHOENIX, AZ 85014

3. (a) BUYER'S NAME AND ADDRESS:
JAMES PATRICK BARNES,
[redacted]
[redacted] AZ [redacted]

(b) Are the Buyer and Seller related? Yes ☐ No ☒
If Yes, state relationship:

4. ADDRESS OF PROPERTY:
[redacted], AZ [redacted]

5. MAIL TAX BILL TO:
[redacted] AZ [redacted]

6. PROPERTY TYPE (for Primary Parcel): **NOTE: Check Only One Box**

a. ☐ Vacant Land
b. ☒ Single Family Residence
c. ☐ Condo or Townhouse
d. ☐ 2-4 Plex
e. ☐ Apartment Building
f. ☐ Commercial or Industrial Use
g. ☐ Agricultural
h. ☐ Mobile or Manufactured Home
i. ☐ Other Use; Specify: _____

7. RESIDENTIAL BUYER'S USE: If you checked b, c, d or h in Item 6 above, please check one of the following:

☒ **To be occupied by owner or "family member."** ☐ **To be rented to someone other than "family member."**

See reverse side for definition of a "family member."

8. NUMBER OF UNITS: ☐

For Apartment Properties, Motels, Hotels, Mobile Home Parks, RV Parks, Mini-Storage Properties, etc.

10. TYPE OF DEED OR INSTRUMENT **(Check Only One Box):**

a. ☒ Warranty Deed
b. ☐ Special Warranty Deed
c. ☐ Joint Tenancy Deed
d. ☐ Contract or Agreement
e. ☐ Quit Claim Deed
f. ☐ Other:

11. **SALE PRICE: $** 399,000.00 **00**

12. DATE OF SALE (Numeric Digits): ____ / ____
Month Year

(For example: 03 / 05 for March 2005)

13. DOWN PAYMENT: **$** 399,000.00 **00**

14. METHOD OF FINANCING:

a. ☒ Cash **(100% of Sale Price)**
b. ☐ Exchange or trade
c. ☐ Assumption of existing loan(s)
d. ☐ Seller Loan (Carryback)
e. ☐ New loan(s) from financial institution:
(1) ☐ Conventional
(2) ☐ VA
(3) ☐ FHA
f. ☐ Other financing; Specify: _____

15. PERSONAL PROPERTY *(see reverse side for definition)*:

(a) Did the Sale Price in Item #11 include Personal Property that impacted the Sale Price by 5% or more? Yes ☐ No ☐

(b) If Yes, provide the dollar amount of the Personal Property:

$ _____ **00** **AND**

briefly describe the Personal Property:

16. PARTIAL INTEREST: If only a partial ownership interest is being sold, briefly describe the partial interest: _____

17. PARTY COMPLETING AFFIDAVIT (Name, Address, Phone):
SECURITY TITLE AGENCY
8130 E. Cactus Rd., Ste. 520, Scottsdale, AZ 85260
Phone **(602)953-4818**

18. LEGAL DESCRIPTION *(attach copy if necessary)*:
SEE ATTACHED LEGAL DESCRIPTION

THE UNDERSIGNED BEING DULY SWORN, ON OATH, SAYS THAT THE FOREGOING INFORMATION IS A TRUE AND CORRECT STATEMENT OF THE FACTS PERTAINING TO THE TRANSFER OF THE ABOVE DESCRIBED PROPERTY.

Signature of Seller/Agent

State of AZ, County of Maricopa

Subscribed and sworn to before me on this 14th day of May 2009

Notary Public

Notary Expiration Date 7/29/09

OFFICIAL SEAL
TANYA R. SAENZ
NOTARY PUBLIC - State of Arizona
MARICOPA COUNTY
My Comm. Expires July 29, 2009

Signature of Buyer/Agent

State of AZ, County of Maricopa

Subscribed and sworn to before me on this 14th day of May 2009

Notary Public

Notary Expiration Date 7/29/09

OFFICIAL SEAL
TANYA R. SAENZ
NOTARY PUBLIC - State of Arizona
MARICOPA COUNTY
My Comm. Expires July 29, 2009

DOR FORM 82162 (Revised 5/03)

ACC009181
SCHMERMAN
FILE#8145

BUYERS INSPECTION PERIOD DISCLOSURES

MOLD DISCLOSURE AND WAIVER

Buyers are advised that the presence of certain kinds of mold, fungi, mildew, and other organisms may affect the property and health of certain individuals. These conditions, sometimes referred to as "Toxic Molds," are often the result of moisture invasion or water leakage inside the home.

Broker recommends the Buyer obtain a professional home inspection to better determine the condition of the property. Neither the Brokers, nor the Brokers' Agents, are experts in the field of mold contaminants. In the event suspicious mold contamination is discovered, it is recommended that our clients satisfy themselves as to property conditions by having a mold inspection performed. The cost and quality of such inspection may vary. Companies able to perform appropriate inspections may be found in the Yellow Pages or on the World Wide Web under "Microbial or Mold Inspections" or "Environmental and Ecological Services." The only way to determine if a mold-like substance is truly mold, or is present at high levels, is through sample collecting and analytical testing.

CLIENT DISCLOSURE

* The Broker or Broker's Agent has recommended the client obtain a Home Inspection: JPB *Initials*
* The Broker or Broker's Agent has recommended the client obtain a Mold Inspection: ___ *Initials*

WAIVER: Client agrees to hold the Broker and Broker's Agents harmless in the event any mold contaminations are discovered on the property. Client understands mold is a naturally occurring microbe and that mold should pose no health threat unless concentrated high levels in the living environment. The Broker and Broker's Agents agree that in the event mold-like contamination is discovered, this condition will be immediately reported to the client. The only way to determine if a mold-like substance is truly mold or is present at high levels is through sample collecting and analytical testing.

RECEIPT OF COPY: Client(s) have read this Mold Disclosure/Waiver and by their signature hereon acknowledges receipt of a copy thereof.

PROFESSIONAL'S ADVICE: Client(s) execute this Disclosure/Waiver with the understanding that they should consult with a professional of their choice regarding any questions or concerns before execution.

LEGAL ADVICE: Client(s) acknowledges that this waiver does not attempt to offer legal advice. If client(s) feel the need for legal advice, they should consult an attorney of their choice prior to the execution of this document.

Client: James Patrick Barnes Date: 5/04/09

Client: _____ Date: _____

Agent: KATHY B. WRIGHT Date: 5-4-09

Broker: 1ST USA REALTY PROF. Date: _____

ACC009182
SCHMERMAN
FILE#8145

ST SCHMERMAN 000053

1st USA Realty Professionals

DISCLOSURE OF INFORMATION ON LEAD-BASED PAINT AND LEAD-BASED PAINT HAZARDS (SALES)

Document updated: January 2008

ARIZONA association of REALTORS® LEGAL SOLUTIONS. REALTOR.com®

The pre-printed portion of this form has been drafted by the Arizona Association of REALTORS®. Any change in the pre-printed language of this form must be made in a prominent manner. No representations are made as to the legal validity, adequacy and/or effects of any provision, including tax consequences thereof. If you desire legal, tax or other professional advice, please consult your attorney, tax adviser or professional consultant.

1. Premises Address: 1611 PALMCROFT WAY NW, PHOENIX, AZ 85007-1741

2. **Lead Warning Statement:** Every buyer of any interest in residential real property on which a residential dwelling was built prior to 1978 is
3. notified that such property may present exposure to lead from lead-based paint, which may place young children at risk of developing lead
4. poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced
5. intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women.
6. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk
7. assessments or inspections in the seller's possession and to notify the buyer of any known lead-based paint hazards. A risk assessment or
8. inspection for possible lead-based paint or lead-based paint hazards is recommended prior to purchase.

1. SELLER'S DISCLOSURE (Seller must complete and initial sections a, b and c below)

9. (a) Lead-based paint and/or lead-based paint hazards (check either 1 or 2 below):
10. 1. ☐ Seller is aware that lead-based paint and/or lead-based paint hazards are present in the residence(s) and/or building(s) included
11. in this sale. (Explain) _____
12. 2. ☒ Seller has *no knowledge of any lead-based paint and/or lead-based paint hazards* in the residence(s) and building(s) included
13. in this sale.
14. (SELLER'S INITIALS REQUIRED) [illegible] SELLER _____ SELLER

15. (b) Records and reports available to the seller (check either 1 or 2 below):
16. 1. ☐ Seller has provided the buyer with all available records and reports relating to lead-based paint and/or lead-based paint hazards in
17. the residence(s) and building(s) included in the sale. (List documents) _____
18. 2. ☒ Seller has no reports or records relating to lead-based paint and/or lead-based paint hazards in the residence(s) and building(s)
19. included in this sale.
20. (SELLER'S INITIALS REQUIRED) [illegible] SELLER _____ SELLER

21. (c) Seller acknowledges Seller's obligation to disclose to any real estate agent(s) to whom the seller directly or indirectly is to pay compensation
22. with regard to the transaction contemplated by this disclosure any known lead-based paint or lead-based paint hazards in the premises to be
23. sold, as well as the existence of any reports or records relating to lead-based paint or lead-based paint hazards in the premises to be sold. Seller
24. further acknowledges that this disclosure accurately reflects the entirety of the information provided by the seller to the agent(s) with regard to
25. lead-based paint, lead-based paint hazards, and lead-based paint risk-assessment or inspection reports and records.
26. (SELLER'S INITIALS REQUIRED) [illegible] SELLER _____ SELLER

2. BUYER'S ACKNOWLEDGMENT (Buyer must complete and initial sections a, b and c below)

27. (a) Buyer has read the information set forth above, and has received copies of the reports, records, or other materials listed above, if any.
28. (BUYER'S INITIALS REQUIRED) JPB BUYER _____ BUYER

29. (b) Buyer has received the pamphlet *Protect Your Family From Lead in Your Home*.
30. (BUYER'S INITIALS REQUIRED) JPB BUYER _____ BUYER

31. (c) Buyer has (check one):
32. ☒ Received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the
33. presence of lead-based paint and/or lead-based paint hazards; or
34. ☐ Waived the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or
35. lead-based paint hazards.
36. (BUYER'S INITIALS REQUIRED) JPB BUYER _____ BUYER

3. AGENT'S ACKNOWLEDGMENT (Any real estate agent who is to receive compensation from the seller or the listing agent with regard to the transaction contemplated in this disclosure must initial below.)

37. The agent(s) whose initials appear below has (have) ensured the seller's compliance under the Residential Resale Lead-Based Paint Hazard
38. Reduction Act of 1992 by the seller's use and completion of this disclosure form.
39. (AGENT'S INITIALS REQUIRED) BH LISTING AGENT KBW COOPERATING AGENT

40. **Certification of Accuracy:** By signing below, each signatory acknowledges that he or she has reviewed the above information, and
41. certifies that, to the best of his or her knowledge, the information provided by the signatory is true and accurate.

42. [illegible] 05-05-2009 SELLER'S SIGNATURE MO/DA/YR James Patrick Barnes 5-4-09 BUYER'S SIGNATURE MO/DA/YR
James Patrick Barnes

43. SELLER'S SIGNATURE MO/DA/YR BUYER'S SIGNATURE MO/DA/YR

44. Bev HAARMAN May 5, 2007 LISTING AGENT'S SIGNATURE MO/DA/YR Kathy B. Wright 5/4/09 COOPERATING AGENT'S SIGNATURE MO/DA/YR
Kathy B. Wright

Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards (Sales) - Updated: January 2008 - Copyright © 2008 Arizona Association of REALTORS®. All rights reserved.

1st USA Realty Professionals 9120 E. Cactus Rd., Ste. 110 Scottsdale, AZ 85260 Phone: (602)760-3689 Fax: (602)404-6898 Barnes, JP Pd.
Kathy Wright

Produced with ZipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.zipLogix.com

1st USA Realty Professionals, Inc.

REAL ESTATE AGENCY DISCLOSURE AND ELECTION

Document updated: January 2009

The pre-printed portion of this form has been drafted by the Arizona Association of REALTORS®. Any change in the pre-printed language of this form must be made in a prominent manner. No representations are made as to the legal validity, adequacy and/or effects of any provision, including tax consequences thereof. If you desire legal, tax or other professional advice, please consult your attorney, tax advisor or professional consultant.

1. Firm Name ("Broker") 1ST USA REALTY PROFESSIONALS
2. acting through Kathy B. Wright (LICENSEE'S NAME) hereby makes the following disclosure.

DISCLOSURE

3. Before a Seller or Landlord (hereinafter referred to as "Seller") or a Buyer or Tenant (hereinafter referred to as "Buyer") enters into
4. a discussion with a real estate broker or licensee affiliated with a broker, the Seller and the Buyer should understand what type of agency
5. relationship or representation they will have with the broker in the transaction.

6. **I. Buyer's Broker:** A broker other than the Seller's broker can agree with the Buyer to act as the broker for the Buyer. In these
7. situations, the Buyer's broker is not representing the Seller, even if the Buyer's broker is receiving compensation for services
8. rendered, either in full or in part, from the Seller or through the Seller's broker:
9. a) A Buyer's broker has the fiduciary duties of loyalty, obedience, disclosure, confidentiality, and accounting in dealings with the Buyer.
10. b) Other potential Buyers represented by broker may consider, make offers on, or acquire an interest in the same or similar
11. properties as Buyer is seeking.

12. **II. Seller's Broker:** A broker under a listing agreement with the Seller acts as the broker for the Seller only:
13. a) A Seller's broker has the fiduciary duties of loyalty, obedience, disclosure, confidentiality, and accounting in dealings with the Seller.
14. b) Other potential Sellers represented by broker may list properties that are similar to the property that Seller is selling.

15. **III. Broker Representing both Seller and Buyer (Limited Representation):** A broker, either acting directly or through one or more
16. licensees within the same brokerage firm, can legally represent both the Seller and the Buyer in a transaction, but only with the
17. knowledge and informed consent of both the Seller and the Buyer. In these situations, the Broker, acting through its licensee(s),
18. represents both the Buyer and the Seller, with limitations of the duties owed to the Buyer and the Seller:
19. a) The broker will not, without written authorization, disclose to the other party that the Seller will accept a price or terms other than
20. stated in the listing or that the Buyer will accept a price or terms other than offered.
21. b) There will be conflicts in the duties of loyalty, obedience, disclosure and confidentiality. Disclosure of confidential information may
22. be made only with written authorization.
23. Regardless of who the Broker represents in the transaction, the Broker shall exercise reasonable skill and care in the performance of the
24. Broker's duties and shall be truthful and honest to both the Buyer and Seller and shall disclose all known facts which materially and adversely
25. affect the consideration to be paid by any party. Pursuant to A.R.S. §32-2156, Sellers, Lessors and Brokers are not obligated to disclose that
26. a property is or has been: (1) the site of a natural death, suicide, homicide, or any crime classified as a felony; (2) owned or occupied by a
27. person exposed to HIV, or diagnosed as having AIDS or any other disease not known to be transmitted through common occupancy of real
28. estate; or (3) located in the vicinity of a sex offender. Sellers or Sellers' representatives may not treat the existence, terms, or conditions of
29. offers as confidential unless there is a confidentiality agreement between the parties.

30. **THE DUTIES OF THE BROKER IN A REAL ESTATE TRANSACTION DO NOT RELIEVE THE SELLER OR THE BUYER FROM THE**
31. **RESPONSIBILITY TO PROTECT THEIR OWN INTERESTS. THE SELLER AND THE BUYER SHOULD CAREFULLY READ ALL**
32. **AGREEMENTS TO INSURE THAT THE DOCUMENTS ADEQUATELY EXPRESS THEIR UNDERSTANDING OF THE TRANSACTION.**

ELECTION

33. **Buyer or Tenant Election** (Complete this section only if you are the Buyer.) The undersigned elects to have the Broker (check any that apply):
34. [x] represent the Buyer as Buyer's Broker.
35. [ ] represent the Seller as Seller's Broker.
36. [x] show Buyer properties listed with Broker's firm and Buyer agrees that Broker shall act as agent for both Buyer and Seller provided that
37. the Seller consents to limited representation. In the event of a purchase, Buyer's and Seller's informed consent should be
38. acknowledged in a separate writing other than the purchase contract.

39. **Seller or Landlord Election** (Complete this section only if you are the Seller.) The undersigned elects to have the Broker (check any that apply):
40. [ ] represent the Buyer as Buyer's Broker.
41. [ ] represent the Seller as Seller's Broker.
42. [ ] show Seller's property to Buyers represented by Broker's firm and Seller agrees that Broker shall act as agent for both Seller and
43. Buyer provided that Buyer consents to the limited representation. In the event of a purchase, Buyer's and Seller's informed consent
44. should be acknowledged in a separate writing other than the purchase contract.

45. The undersigned [x] Buyer(s) or [ ] Seller(s) acknowledge that this document is a disclosure of duties. This document is not an employment agreement.

46. I/WE ACKNOWLEDGE RECEIPT OF A COPY OF THIS DISCLOSURE.

47. James Patrick Barnes — PRINT NAME | Brian Kennedy — PRINT NAME

48. SIGNED MO/DA/YR | SIGNED 4-4-09 MO/DA/YR

Real Estate Agency Disclosure and Election • Updated: January 2009 • Copyright © 2009 Arizona Association of REALTORS®. All rights reserved.

ROOF RAT DISCLOSURE

PROPERTY ADDRESS: [redacted], AZ

SELLER(S): OWNER OF RECORD

BUYER(S): JAMES PATRICK BARNES

As of December 2003 the media has reported that roof rats have been found in the Arcadia area and in the areas from about 24th or 20th streets on the West, Scottsdale Road on the East, between McDowell and Thomas Roads on the South, and to the base of Camelback Mountain to the North. Scottsdale has also received unconfirmed reports of possible roof rats East of Scottsdale Road. There have also been reports of roof rats in the Tempe area of Rural and Southern Ave., and also unconfirmed reports in Mesa. The media has reported that the roof rats are possibly being transported to various parts of the Valley. Although current measures are being taken to eradicate the rats, they are a nuisance in these areas, and may be prevalent Valley-wide.

More information about the roof rats may be obtained on Maricopa County's website at http://www.maricopa.gov/envsvc . You can report sightings of roof rats on the county's complaint line at (602) 506-6616.

By signing below, the buyer acknowledges they were made aware of this media reported problem and should conduct all investigations during the 10 day inspection period.

James Patrick Barnes 5/04/09

Buyer Date Buyer Date

2-18-2005 ams
1st USA Realty Professionals
Rat Roof Disclosure
Page 1 of 1

ACC009185
SCHMERMAN
FILE#8145

Property Information

Parcel #: 111-08-093
MCR #: 1932
Property Address: [redacted]
Property Description: PALMCROFT
Section Township Range: 31 2N 3E
Subdivision Name: PALMCROFT 124-250
Lot #: 237

Owner Information

Owner: BEAUVAIS PATRICIA M TR
Mailing Address: [redacted] AZ [redacted]
Deed #: 970465710
Deed Date: 7/10/1997
Sales Price: n/a
Sales Month/Year: n/a

Valuation Information

Tax Year:	2010	2009	2008
Full Cash Value (FCV):	$406,300	$568,000	$663,500
Limited Property Value (LPV):	$406,300	$468,817	$426,197

Notice: The values displayed on this page may not reflect constitutional or statutory adjustments.

Legal Class:	6	6	6
Assessment Ratio:	5.0%	5.0%	5.0%
Assessed FCV:	$20,315	$28,400	$33,175
Assessed LPV:	$20,315	$23,441	$21,310
Property Use Code:	0141	0141	0141
Tax Area Code:	011300	011300	011300

Characteristics

Square Feet of Living Space:	1,704	Improvement Quality Grade:	R-4
Lot Square Footage:	8,317	Market Area/Neighborhood:	17/010
Covered Parking:	4 Car Garage and Carport	Unique Location Characteristics:	*None*
Construction Year:	1931	Pool Square Footage:	480
Number of Patios:	1	Bath Fixtures:	6
Patio Type:	Covered	Cooling:	Refrigeration
Exterior Walls:	Brick	Heating:	Yes
Roof Type:	Wood	Physical Condition:	Average

Disclaimer
The data contained in this database is deemed reliable but not guaranteed. This information should be used for informational use only and does not constitute a legal document for the description of these properties. Every effort has been made to insure the accuracy of this data; however, this material may be slightly dated which would have an impact on its accuracy. The Maricopa County Assessor's Office disclaims any responsibility or liability for any direct or indirect damages resulting from the use of this data.

Maricopa County Assessor || 301 W. Jefferson St. || Phoenix, AZ 85003
602-506-3406

ACC009186
SCHMERMAN
FILE#8145

1811 N PALMCROFT WAY Phoenix, AZ 85007 (1) **$399,000**

4166914 Residential Single Family - Detached Active

Beds/Baths: 3 / 2
SF: 1,882 / County Assessor
Year Built: 1931
Pool - Private: Pool - Private; Heated Pool; Play Pool
Spa: None
SF: 32RDXPO2C
Lot Size: 7,501 - 10,000
Level: Single Level

Subdivision: PALMCROFT LOT 237
Tax Municipality: Phoenix
Marketing Name: HISTORIC
Planned Cmty Name: ENCANTO PALMCROFT
Model: CUSTOM
Builder Name: UNKNOWN
Hun Block: 1800 N
Map Code/Grid: P34

Ele Sch Dist: 0001 - Florence District - Pinal
Elementary School: Kenilworth
Jr. High School: Phoenix Prep Academy

High School Dist #: 210 - Phoenix Union District
High School: Central

Cross Streets: 15TH AVE AND ENCANTO BLVD **Directions:** SOUTH ON 15TH AVE TO CORONADO EAST TO PALMCROFT WAY NORTH TO PROPERTY

Remarks:

Guest House SqFt: 350

Features	Room Details	Construction & Utilities	County, Tax and Financing
Approx SqFt Range: 1,801 - 2,000 **Parking:** 2 Car Carport **Horses:** N **Fireplace:** 1 Fireplace; Fireplace Living Rm **Property Description:** Historic District **Exterior Features:** Separate Guest House; Yrd Wtring Sys Front; Yrd Wtring Sys Back **Flooring:** Carpet; Concrete	**Kitchen Features:** Range/Oven; Dishwasher; Refrigerator; Pantry **Master Bathroom:** Full Bth Master Bdrm; Separate Shwr & Tub **Additional Bedroom:** Mstr Bdr Walkin Clst **Laundry:** Inside Laundry **Dining Area:** Formal; Eat-in Kitchen **Other Rooms:** Arizona Room/Lanai **Items Updated:** Wiring Yr Updated: 2002; Plmbg Yr Updated: 2000; Roof Yr Updated: 2001	**Architecture:** Other (See Remarks) **Const - Finish:** Painted **Construction:** Brick **Roofing:** Shake **Fencing:** Block; Chain Link **Cooling:** Refrigeration **Heating:** Gas Heat **Utilities:** APS; SW Gas **Water:** City Water **Sewer:** Sewer - Public; Sewer In & Cnctd **Services:** City Services **Technology:** Cable TV Avail; Security Sys Owned **Energy Features:** Ceiling Fan(s)	**County Code:** Maricopa **Legal Subdivision:** PALMCROFT 124-250 **AN:** 111-08-093 **Lot Number:** 237 **Town-Range-Section:** 2N-3E-31 **Cty Bk&Pg:** **Plat:** **Taxes/Yr:** $ 3,270/2008 **Ownership:** Fee Simple **New Financing:** Cash; Conventional **Total Asum Mnth Pmts:** $ 0 **Down Payment:** $ 0 **Existing 1st Loan:** Other (See Remarks) **Exist 1st Loan Terms:** **Disclosures:** None **Auction:** No **Possession:** By Agreement

Homeowner Association Information

HOA Name: **HOA Telephone:**	/ **Association Fee Incl:** No Fees	**Assoc Rules/Info:** None	**Cap Imprv/Impact Fee:** 0**Land Lease Fee:** 0 **PAD Fee:** $ 0

Listing Dates	Pricing and Sale Info	Listing Contract Info
CDOM/ADOM: 3 / 4 **List Date:** 04/30/2009 **Status Change Date:** 05/01/2009	**Original List Price:** $ 399,000 **List Price:** $ 399,000	**SA:** N / 0 **BB:** Y / 3 % **Var:** N **Type:** ER **Other Compensation:** 0 **Special Listing Cond:** Probate/Estate

REALTOR Remarks: HOUSE IS VACANT LOCKBOX. NEED APPOINTMENT TO SEE GUEST HOUSE. THIS IS AN ESTATE SALE AND NO SPUDS ARE AVAILABLE.

Showing Instructions: Lkbx - Vacant
Occupant: Vacant

Owner/Occupant Name: ESTATE OF PATRICIA BEAUVAIS

	Name	Office	Agent Phone	Office Phone	E-mail	Mobile and Home	Fax
LA	Beverly Haarman (bh029)	Realty Executives (reax16)	602-997-7324	602-861-3300	sunshinebevh@aol.com	[redacted]	602-943-6789 602 253 05
CLA	Dawn M Risk dr225		602-520-9400	602-861-3300	dmrisk@cox.net	[redacted]	602-861-3301

Prepared by Kathleen B Wright Monday, May 04, 2009 5:16 PM

ACC009187
SCHMERMAN
FILE#8145

Unofficial Document

This instrument is recorded
at the request of:
RONALD G. WILSON, ESQ.
ROBBINS & GREEN, P.A.
3300 N. CENTRAL AVENUE, SUITE 1800
PHOENIX, ARIZONA 85012
(602) 248-7608

QUIT CLAIM

Effective Date: Immediately	County and State where Real Property is located: Maricopa County, Arizona			
GRANTOR(S) (Name, Address, Zip Code) PATRICIA M. BEAUVAIS Surviving Trustee of The C and P Beauvais Trust dated May 2, 1991 [redacted] Arizona [redacted]	GRANTEE(S) (Name, Address, Zip Code) PATRICIA M. BEAUVAIS, Trustee of the "C AND P" BEAUVAIS BYPASS TRUST Created: April 1, 1997 [redacted] Arizona [redacted]			
Subject Real Property (Address or location) [redacted] Arizona [redacted]	Legal Description Proofed by Persons Whose Initials Appear to the Right	1.	2.	3.

Subject Real Property (Legal Description)

Lot 237, PALMCROFT, according to the plat on record in the office of the County Recorder of Maricopa County, Arizona, Book 19 of Maps, Page 32.

EXEMPT per A.R.S. §42-1614 B8

Disclosure per A.R.S. §33-404

Grantee takes title under a Bypass Trust Created: April 1, 1997 in which Grantee is the sole present interest beneficiary and her address is: 1811 Palmcroft Way, N.W. Phoenix, Arizona 85007.

For valuable consideration, Grantor quit claims to Grantee all right, title and interest in Subject Real Property together with all rights and privileges appurtenant or to become appurtenant to Subject Real Property on effective date.

Patricia M. Beauvais Trustee
(Signature of Grantor)

ACC009188
SCHMERMAN
FILE#8145

STATE OF ARIZONA)
) ss.
County of Maricopa)

This instrument was acknowledged before me this 27th day of June, 1997, by PATRICIA M. BEAUVAIS, Surviving Trustee of the C and P Beauvais Trust dated May 2, 1991.

Ronald G. Wilson
Notary Public

My Commission Expires:
9-18-1998

OFFICIAL SEAL
RONALD G. WILSON
Notary Public - State of Arizona
MARICOPA COUNTY
My comm. expires Sept. 18, 1998

Unofficial Document

Aguilar, Yolanda C.

From: Yolanda Aguilar [yaguilar@securitytitle.com]
Sent: Friday, May 08, 2009 7:48 AM
To: KATHY B WRIGHT
Subject: Recent Activity for the Property Located at [redacted]

Recent Activity

SECURITY TITLE AGENCY

Good Morning KATHY B WRIGHT:

Your transaction has recently had the following activity:

Address: [redacted]
Order #: ST09008204

Buyer: JAMES PARTRICK BARNES
Seller: THE "C AND P" BEAUVAIS BYPASS

Documents:

A.. Commission Disbursement Unsigned Download
B.. Earnest Money Receipt Download

Security Title Agency prides itself on providing innovative, customizable industry solutions. We appreciate your business and any feedback to better serve you and your clients.

Sincerely,

Yolanda Aguilar
Escrow Officer

This Email was sent by Security Title Agency.

Aguilar, Yolanda C.

From: Yolanda Aguilar [yaguilar@securitytitle.com]
Sent: Friday, May 08, 2009 7:48 AM
To: BEVERLY HARMAN
Subject: Recent Activity for the Property Located at 1811 N. PALMCROFT WAY

Recent Activity

Good Morning BEVERLY HARMAN:

Your transaction has recently had the following activity:

Address: [redacted]
Order #: ST09008204

Buyer: JAMES PARTRICK BARNES
Seller: THE "C AND P" BEAUVAIS BYPASS

Documents:

A.. Commission Disbursement Unsigned Download
B.. Earnest Money Receipt Download

Security Title Agency prides itself on providing innovative, customizable industry solutions. We appreciate your business and any feedback to better serve you and your clients.

Sincerely,

Yolanda Aguilar
Escrow Officer

This Email was sent by Security Title Agency.

ACC009191
SCHMERMAN
FILE#8145

Aguilar, Yolanda C.

From: Aguilar, Yolanda C.
Sent: Friday, May 08, 2009 7:41 AM
To: 'sunshinebevh@[redacted]
Subject: [redacted]

Hello again:

I also need your office address to send to the check to once we close, thanks again!

****PLEASE BE ADVISED THAT ALL BANK OWNED PROPERTIES REQUIRE UP TO 72 HOURS FOR HUD APPROVAL BY THE SELLER WHICH MAY CAUSE A DELAY IN RECORDING/DISBURSEMENT****

Yolanda C. Aguilar
Escrow Officer for
Tanya Saenz-Daly, Asst. V.P./Br. Mgr.
Security Title Agency
8130 E. Cactus Rd., Ste 520
Scottsdale, AZ 85260
Office Ph: 602-953-4818
Direct Fax: 602-294-8443
Email:yaguilar@securitytitle.com

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CONFIDENTIAL COMMUNICATION
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Aguilar, Yolanda C.

From: Aguilar, Yolanda C.
Sent: Friday, May 08, 2009 8:03 AM
To: 'KATHYISMYREALTOR@[redacted]
Subject: [redacted]

Hello Kathy:

I need to know which home warranty company you would like us to use for the buyer.

****PLEASE BE ADVISED THAT ALL BANK OWNED PROPERTIES REQUIRE UP TO 72 HOURS FOR HUD APPROVAL BY THE SELLER WHICH MAY CAUSE A DELAY IN RECORDING/DISBURSEMENT****

Yolanda C. Aguilar
Escrow Officer for
Tanya Saenz-Daly, Asst. V.P./Br. Mgr.
Security Title Agency
8130 E. Cactus Rd., Ste 520
Scottsdale, AZ 85260
Office Ph: 602-953-4818
Direct Fax: 602-294-8443
Email:yaguilar@securitytitle.com

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Aguilar, Yolanda C.

From: Aguilar, Yolanda C.
Sent: Friday, May 08, 2009 7:33 AM
To: 'sunshinebevh@[redacted]
Subject: 1811 N PALMCROFT

Hello Beverly:

I have a couple questions on this transaction. First, please tell me what the sellers name is. I see that he is the successor trustee; however, I cannot make out his name or his mailing address on the purchase contract. We also need his contact telephone number so that Tanya may contact him when his closing docs are ready for him to sign. Thank you and have a blessed day!

****PLEASE BE ADVISED THAT ALL BANK OWNED PROPERTIES REQUIRE UP TO 72 HOURS FOR HUD APPROVAL BY THE SELLER WHICH MAY CAUSE A DELAY IN RECORDING/DISBURSEMENT****

Yolanda C. Aguilar
Escrow Officer for
Tanya Saenz-Daly, Asst. V.P./Br. Mgr.
Security Title Agency
8130 E. Cactus Rd., Ste 520
Scottsdale, AZ 85260
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POOL ADDENDUM

REMEMBER:

Supervision is the only way to prevent drownings.
Never leave a child unattended in the water or pool area.
And always watch a child when in the water or pool area.

IN AN EMERGENCY:

Shout for help.
Pull the child from the water.
Call 911 (or the local emergency number) for help.
Check airway and breathing. If needed, start CPR immediately.

* "Pool" means an in-ground or aboveground swimming pool or other contained body of water 18 or more inches in depth, wider than 8 feet at any point, and intend for swimming, pursuant to A.R.S. § 36-1681(A).

** Phoenix, Peoria, Tucson, some other cities, and unincorporated areas of Maricopa, Pima, and Pinal counties have different pool barrier requirements. Check with your local city and county governments to see if they have adopted different pool barrier requirements.

Buyer Date JAMES PATRICK BARNES

Buyer ~~Date~~ SIGNATURE James Patrick Barnes 5/04/09 DATE

ACC009195
SCHMERMAN
FILE#8145

Aguilar, Yolanda C.

From: Yolanda Aguilar [yaguilar@securitytitle.com]
Sent: Monday, May 18, 2009 11:12 AM
To: KATHY B WRIGHT
Subject: Recent Activity for the Property Located at [redacted]

Recent Activity

Good Afternoon KATHY B WRIGHT:

Your transaction has recently had the following activity:

Address: [redacted]	**Buyer: JAMES PARTRICK BARNES**
Order #: ST09008204	**Seller: THE "C AND P" BEAUVAIS BYPASS**

Documents:

A.. Title Commitment Download
B.. Tax Printout Download

Security Title Agency prides itself on providing innovative, customizable industry solutions. We appreciate your business and any feedback to better serve you and your clients.

Sincerely,

Yolanda Aguilar
Escrow Officer

This Email was sent by Security Title Agency.

ACC009196
SCHMERMAN
FILE#8145

Aguilar, Yolanda C.

From: Yolanda Aguilar [yaguilar@securitytitle.com]
Sent: Monday, May 18, 2009 11:12 AM
To: BEVERLY HARMAN
Subject: Recent Activity for the Property Located at [redacted]

Recent Activity

SECURITY TITLE AGENCY

Good Afternoon BEVERLY HARMAN:

Your transaction has recently had the following activity:

Address: [redacted]	**Buyer:** JAMES PARTRICK BARNES
Order #: ST09008204	**Seller:** THE "C AND P" BEAUVAIS BYPASS

Documents:

A.. Title Commitment Download
B.. Tax Printout Download

Security Title Agency prides itself on providing innovative, customizable industry solutions. We appreciate your business and any feedback to better serve you and your clients.

Sincerely,

Yolanda Aguilar
Escrow Officer

This Email was sent by Security Title Agency.

ACC009197
SCHMERMAN
FILE#8145

SECURITY TITLE AGENCY

8130 E. Cactus Rd., Ste. 520, Scottsdale, AZ 85260
(602)953-4818 FAX (602)953-4819

To: JAMES PATRICK BARNES
[redacted]
[redacted] AZ [redacted]

Date: May 18, 2009
Escrow No.: ST09008204-ST54
Borrower: JAMES PATRICK BARNES
Loan No:
Property Address:
[redacted] Arizona
[redacted]

Thank you for selecting Security Title Agency as your closing agent. We look forward to providing you with quality title and escrow services in connection with the above-referenced property.

Please see the enclosed Commitment for Title Insurance and Earnest Money Receipt

The enclosed duplicate copies (if any) are for your records.

If you have any questions or concerns regarding the enclosed documents or the escrow process, please do not hesitate to contact the undersigned.

Sincerely,

Tanya Saenz-Daly
Escrow Branch Manager
(602)953-4818

enclosure(s)

[redacted]

SECURITY
TITLE AGENCY

James Patrick
Barnes

Copy of title
+ wire instr

Andrea@ [redacted]

[redacted]

ACC009199
SCHMERMAN
FILE#8145

Aguilar, Yolanda C.

From: Kathy Wright, 1st USA Realty Professionals [kathyismyrealtor@cox.net]
Sent: Monday, May 18, 2009 9:38 AM
To: Aguilar, Yolanda C.
Subject: Fw: BARNES / [redacted] Home warranty selection

Here it is again!
Kathy
---- Original Message ----
From: Kathy Wright, 1st USA Realty Professionals
To: Tanya Saenz Daly ; Yolanda C. Aguilar
Sent: Thursday, May 14, 2009 10:41 PM
Subject: BARNES / [redacted] Home warranty selection

Hi Tanya and Yolanda,

My client has decided to select for his home warranty:
American Home Shield FLEX PLAN COMBO + Swimming pool for a single family home under 5,000 s.f.

The price should be $425 +$160 = $585.00 total. The seller is paying up to $450.00 and the Buyer wishes to pay the difference himself to make sure the pool is included.

Let me know if you have any questions. Thank you.

Kathy Wright
1st USA Realty Professionals
8120 E. Cactus Rd. Ste. 310
Scottsdale, AZ 85260

602-762-3689 - Cell
602-404-4918 - Home office
602-404-6898 - Fax
480-981-3200 - Main office
kathyismyrealtor@cox.net

20674934
American Home Shield
1800827 4636
800735 4663

ACC009200
SCHMERMAN
FILE#8145

Aguilar, Yolanda C.

From: Kathy Wright, 1st USA Realty Professionals [kathyismyrealtor@cox.net]
Sent: Thursday, May 14, 2009 5:02 PM
To: Saenz-Daly, Tanya
Cc: Aguilar, Yolanda C.
Subject: James Patrick Barnes, [redacted], AZ
Attachments: IMG.pdf

Hi Tanya & Yolanda,

Regarding the open escrow for James Patrick Barnes / Estate of Patricia Beauvais -

1. Attached is a pdf of the signed Addendum #1 that does the following: moves up the closing date from Tuesday, May 26, 2009 to Wednesday, May 20th.

2. We are discussing the different Home Warranty Companies right now and will give you the name/policy as soon as we have it, hopefully by tomorrow.

3. I would like to attend the closing with Mr. Barnes, so, when you have an idea of the signing time & date, please let me know!

4. Have you received back the signed commission instructions from my company yet?

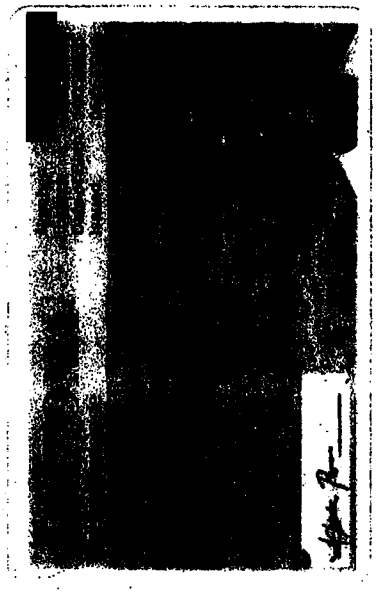
Thanks.

Kathy Wright
1st USA Realty Professionals
8120 E. Cactus Rd. Ste. 310
Scottsdale, AZ 85260

602-762-3689 - Cell
602-404-4918 - Home office
602-404-6898 - Fax
480-981-3200 - Main office
kathyismyrealtor@cox.net

ACC009201
SCHMERMAN
FILE#8145

ACC009202
SCHMERMAN
FILE#8145



ACC009203
SCHMERMAN
FILE#8145

THE C AND P BEAUVAIS TRUST

EFFECTIVE DATE: May 2, 1991

PARTIES: CHARLES E. BEAUVAIS
PATRICIA M. BEAUVAIS
Husband and Wife, Trustors

CHARLES E. BEAUVAIS
PATRICIA M. BEAUVAIS, Trustees

* * *

FAMILY HISTORY: The Trustors declare that they are married and that they have no children.

ARTICLE I: CREATION OF TRUST

1.1 Trust Purposes. By this instrument the Trustors establish a revocable living trust, to be known as "THE C AND P BEAUVAIS TRUST" for the following purposes:

(a) To avoid probate on the Trust Property when each of them dies;

(b) To provide a vehicle for the management of their financial affairs if one or both of them becomes incompetent; and

(c) To plan for the orderly distribution of their assets after the death of each of them.

1.2 Description of Trust Assets. The Trustors transfer to the Trustee, without consideration, the property described in the attached Schedules A, B, and C. Schedule A is the Trustors' community property, although prior ownership may have been by either Trustor as his separate property or by the Trustors together as their joint property and although the transfer to this trust may be deemed a gift from one Trustor to the other. The Trustors agree to be bound by all applicable rules of law, both statutory and other, respecting community property for all purposes. The property listed on Schedule B or designated as Schedule B property is the husband Trustor's separate property and the property listed on Schedule C or designated as Schedule C property is the wife Trustor's separate property. Any Trust Property not listed on a schedule and not designated otherwise shall be deemed to be the Trustors' community property. The separate property of each Trustor and the community property of both Trustors, all income,

SECOND AMENDMENT TO
THE C AND P BEAUVAIS TRUST, DATED MAY 2, 1991

On May 2, 1991, CHARLES E. BEAUVAIS and PATRICIA M. BEAUVAIS, as Trustors and Trustees did create the "C AND P BEAUVAIS TRUST". Pursuant to Article III, Powers Reserved by the Trustors, surviving Trustor, PATRICIA M. BEAUVAIS hereby declares the following to be a Second Amendment to sais Trust Agreement.

FIRST: I hereby amend Section 7.1 of Article VII of that trust agreement to read as follows:

7.1. Survivor's Trust. The Trustee shall distribute the Survivor's Trust as the surviving Trustor directs. During any period in which the surviving Trustor is incompetent, the Trustee shall from time to time distribute such amounts of the Survivor's Trust as the Trustee determines appropriate for the health care, maintenance, support and welfare of the surviving Trustor, and anyone (other than the Trustee) dependent upon the surviving Trustor. Distributions may be made for the income or principal of the Survivor's Trust as the Trustee determines appropriate. Upon the death of the surviving trustor, the balance of the Survivor's Trust shall be distributed in accordance with the attached Schedule F with the most recent date, in the percentages indicated thereon; provided, except, if an individual named or described thereon is not then living, his or her share shall lapse and shall instead be disposed of as part of the residue of the estate.

SECOND: I hereby amend Section 8.3 of Article VIII of that trust agreement to read as follows:

8.3 Consolidation of all Trusts upon death of Surviving Trustor. Upon the death of the last Trustor to die, the Trustee shall consolidate any assets from the Bypass Trust, the QTIP Trust, GST Exempt Trust and the Survivor's Trust and administer the entire Trust Estate in accordance with the attached Schedule F with the most recent date, in the percentages indicated thereon; provided, except, if an individual named or described thereon is not then living, his or her share shall lapse and shall instead by disposed of as part of the residue of the estate.

THIRD: I hereby revoke and delete Section 8.4 of Article VIII in its entirety.

FOURTH: I hereby amend Section 8.5 of Article VIII of that trust agreement to read as follows:

8.4 Disaster Clause. In the even that the provisions of Section 8.1 through 8.3 fail to provide for the administration and distribution of any or all of the Trust Estate, at such time as such event shall occur, as to any such portion of the Trust Estate, the Trust shall terminate and the Trustee shall then pay over and distribute the remaining principal and income of such portion by allocating one-half to the heirs of CHARLES E. BEAUVAIS and one-half to the heirs of PATRICIA M. BEAUVAIS.

FIFTH: I hereby amend Section 9.8 of Article IX of that trust agreement to read as follows:

9.8 Determination of Incompetency. The determination of incompetency of a Trustor or a Trustee under this instrument shall be made based upon a written statement by (a) a Trustor who is competent or, if none, RICHARD SCHMERMAN, if living and competent, and (b) a physician, psychologist, or other licensed health care professional who is reasonably trained and experienced in dealing with incompetency and who is familiar with the person's condition. No person shall participate in the determination of his own competency and the Trustee may rely upon such written statement.

SIXTH: I hereby amend Section 10.1 of Article X of that trust agreement to read as follows:

10.1 Authority of Trustor(s) to Serve as Trustee. If either original Trustee resigns or ceases to act as Trustee for any reason, the other Trustee shall become sole Trustee, without the execution of any document. If neither Trustor is acting as Trustee for any reason, RICHARD SCHMERMAN if able and willing, otherwise, GARY FREED, shall serve as sole Trustee. As regards to Survivor's Trust, upon the failure of PATRICIA M. BEAUVAIS to act as Trustee for any reason, then RICHARD SCHMERMAN shall serve as First Successor Trustee, and if for any reason, he is unable to serve, then Gary Freed shall serve as Second Successor Trustee.

SEVENTH: I hereby revoke in its entirety Section 10.4 of Article X of that trust agreement

In all other respects, I confirm and readopt the remaining provisions of that trust agreement, reserving myself the right to amend further that trust agreement and this amendment thereto myself.

Dated: July 5, 2005.

Patricia M. Beauvais, Trustor

Patricia M. Beauvais, Trustor

ACC009206
SCHMERMAN
FILE#8145

The undersigned acknowledge receipt of and consent to the foregoing amendment as of the day and year last above written.

Patricia M. Beauvais, Trustee

Patricia M. Beauvais, Trustee

STATE OF ARIZONA)
) SS.
County of Maricopa)

This instrument was subscribed and acknowledged before me this 5th day of July, 2005, by Patricia M. Beauvais, as trustor, for the purposes contained therein.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Tina M. Ramirez

Notary Public

My Commission Expires:
November 27, 2005

TINA M. RAMIREZ
NOTARY PUBLIC-ARIZONA
MARICOPA COUNTY
My Commission Expires
November 27, 2005

STATE OF ARIZONA)
) SS.
County of Maricopa)

This instrument was subscribed and acknowledged before me this 5th day of July, 2005, by Patricia M. Beauvais, as trustee, for the purposes contained herein.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Tina M. Ramirez

Notary Public

My Commission Expires:
November 27, 2005

TINA M. RAMIREZ
NOTARY PUBLIC-ARIZONA
MARICOPA COUNTY
My Commission Expires
November 27, 2005

ACC009207
SCHMERMAN
FILE#8145

SCHEDULE F

THE C AND P BEAUVAIS TRUST

Pursuant to section 7.1 and/or 8.3 of this trust, the Trustee shall allocate an amount equal to One Hundred Percent (100%) of the Net Trust Property for the benefit of the below named, in the percentages indicated opposite their names:

Percentage	Name
2	The Benedictines at Holy Trinity Monastary
10	Catholic Charities USA
10	Catholic Relief Services
10	The Cenacle
4	Casa Santa Cruz
4	St. Mary's Basilica
2	St. Lawrence Seminary
10	Pierre V. Perryman*
10	Marcia Hanford Perryman
2	Paul Perryman Jr.
2	Claudia Perryman Kepner
5	Desert Botanical Garden
5	Phoenix Zoo
5	Agnes Beauvais Labelle
5	Conservator of Philip Charles Labelle
2	Suzanne Labelle Fiedler
2	Robert Labelle
2	John Labelle
2	Mark Perryman
2	Marie Perryman Burke
2	Michelle Perryman Montogomery
2	Mary Henderson
100%	

Dated July 05, 05

Patricia M. Beauvais
PATRICIA M. BEAUVAIS

* In the event Pierre V. Perryman predeceases me, his portion shall be divided among his then living children.

ACC009208
SCHMERMAN
FILE#8145

SCHEDULE F

THE C AND P BEAUVAIS TRUST

Pursuant to section 7.1 and/or 8.3 of this trust, the Trustee shall allocate an amount equal to One Hundred Percent (100%) of the Net Trust Property for the benefit of the below named, in the percentages indicated opposite their names:

Percentage	Name
2	The Benedictines at Holy Trinity Monastary
10	Catholic Charities USA
10	Catholic Relief Services
10	The Cenacle
4	Casa Santa Cruz
4	St. Mary's Basilica
2	St. Lawrence Seminary
10	Pierre V. Perryman*
10	Marcia Hanford Perryman
2	Paul Perryman Jr.
2	Claudia Perryman Kepner
5	Desert Botanical Garden
5	Phoenix Zoo
5	Agnes Beauvais Labelle
5	Conservator of Philip Charles Labelle
2	Suzanne Labelle Fiedler
2	Robert Labelle
2	John Labelle
2	Mark Perryman
2	Marie Perryman Burke
2	Michelle Perryman Montogomery
2	Mary Henderson
100%	

Dated July 05, 05

Patricia M. Beauvais
PATRICIA M. BEAUVAIS

* In the event Pierre V. Perryman predeceases me, his portion shall be divided among his then living children.

ACC009209
SCHMERMAN
FILE#8145

Saenz-Daly, Tanya

Subject: Please attach to deed and trsut cert 09008204...PLEASE RECORD ASAP...THANKS!!!! :-)

Attachments: Doc2.doc

ACC009210
SCHMERMAN
FILE#8145

SECURITY TITLE AGENCY
8130 E. Cactus Rd., Ste. 520, Scottsdale, AZ 85260
(602)953-4818 FAX (602)953-4819

1ST USA REALTY
Attn: KATHY B. WRIGHT
8120 E. CACTUS ROAD SUITE 310
SCOTTSDALE, AZ 85260

Date: May 20, 2009
Escrow No.: ST09008204-ST54
Borrower: THE 1031 EXCHANGE EXPERTS, LLC AS QI FOR JAMES PATRICK BARNES, EXCHANGER
Loan No.:
Property Address:
[redacted]
Arizona [redacted]

The above referenced escrow has closed as of May 20, 2009. The following items are enclosed:

CLOSING PAKCAGE

Any documents other than those listed above to which you are entitled will follow under separate cover.

We trust that this transaction has been handled to your satisfaction and that we may have the pleasure of serving you again in the future.

Sincerely,

Tanya Saenz-Daly
Escrow Branch Manager
(602)953-4818

enclosure(s)

FDAZ0784.rdw

ACC009211
SCHMERMAN
FILE#8145

Letter (Closing)

SECURITY TITLE AGENCY
8130 E. Cactus Rd., Ste. 520, Scottsdale, AZ 85260
(602)953-4818 FAX (602)953-4819

REALTY EXECUTIVES
Attn: BEVERLY HAARMAN

Date: May 20, 2009
Escrow No.: ST09008204-ST54
Borrower: THE 1031 EXCHANGE EXPERTS, LLC AS QI FOR JAMES PATRICK BARNES, EXCHANGER
Loan No.:
Property Address:
[redacted]
Arizona [redacted]

The above referenced escrow has closed as of May 20, 2009. The following items are enclosed:

CLOSING PACKAGE

Any documents other than those listed above to which you are entitled will follow under separate cover.

We trust that this transaction has been handled to your satisfaction and that we may have the pleasure of serving you again in the future.

Sincerely,

Tanya Saenz-Daly
Escrow Branch Manager
(602)953-4818

enclosure(s)

SECURITY TITLE AGENCY
8130 E. Cactus Rd., Ste. 520, Scottsdale, AZ 85260
(602)953-4818 FAX (602)953-4819

THE 1031 EXCHANGE EXPERTS, LLC AS QI FOR JAMES PATRICK BARNES, EXCHANGER
[redacted]
[redacted] AZ [redacted]

Date: May 20, 2009
Escrow No.: ST09008204-ST54
Borrower: THE 1031 EXCHANGE EXPERTS, LLC AS QI FOR JAMES PATRICK BARNES, EXCHANGER
Loan No.:
Property Address:
[redacted]
Arizona [redacted]

The above referenced escrow has closed as of May 20, 2009. The following items are enclosed:

FINAL STATEMENT

Any documents other than those listed above to which you are entitled will follow under separate cover.

We trust that this transaction has been handled to your satisfaction and that we may have the pleasure of serving you again in the future.

Sincerely,

Tanya Saenz-Daly
Escrow Branch Manager
(602)953-4818

enclosure(s)

SECURITY TITLE AGENCY
8130 E. Cactus Rd., Ste. 520, Scottsdale, AZ 85260
(602)953-4818 FAX (602)953-4819

THE "C AND P" BEAUVAIS BYPASS
TRUST, CREATED APRIL 1, 1997
5312 N. 12TH STREET #301
PHOENIX, AZ 85014

Date: May 20, 2009
Escrow No.: ST09008204-ST54
Borrower: THE 1031 EXCHANGE
EXPERTS, LLC AS QI FOR JAMES
PATRICK BARNES, EXCHANGER
Loan No.:
Property Address:
[redacted]
Arizona [redacted]

The above referenced escrow has closed as of May 20, 2009. The following items are enclosed:

FINAL STATEMENT

Any documents other than those listed above to which you are entitled will follow under separate cover.

We trust that this transaction has been handled to your satisfaction and that we may have the pleasure of serving you again in the future.

Sincerely,

Tanya Saenz-Daly
Escrow Branch Manager
(602)953-4818

enclosure(s)

OWNER'S AFFIDAVIT AND INDEMNITY

State of ARIZONA)
)
County of MARICOPA)

To: Security Title Agency (the "Company")
Re: Title Commitment No. ST09008204 (the "Commitment")

The undersigned, having lawful authority to do so, (hereinafter called the "Affiant") makes the following statements and representations for the benefit of the "Company":

1. Affiant is the owner or the legal representative of [redacted] Arizona [redacted] (the "Property"), and is authorized to execute this Affidavit.
2. Owner holds title to the real property (the "Property") as set forth in the above referenced Commitment.
3. Owner is entitled to possession of the Property and there are no other persons or entities in possession of the Property, other than those tenants set forth as an Exhibit to this Affidavit. Furthermore, none of the tenants listed have any options to purchase, or right of first refusal to purchase the Property.

   n/a

   ☒ CHECK HERE IF THERE ARE NO TENANTS.
   No NEW tenant will take possession within 15 DAYS PRIOR to close of escrow.
4. There are no unrecorded options or contracts to purchase, unrecorded deeds, encumbrances, easements, rights of way, or other documents creating an interest in title to the Property, except as set forth as exhibits to this Affidavit.

   ☒ CHECK HERE IF NONE
5. There are NO contracts or arrangements for making any repairs, alterations, construction or other work on the Property. There are NO unpaid bills or claims for labor or materials and further, NO labor has been furnished including site preparation, nor any materials or equipment have been delivered to the Property in the last 150 days, except as set forth as an exhibit to this Affidavit.

   n/a

   ☒ CHECK HERE IF NONE

In connection with the Company issuing its policy(ies), Affiant hereby indemnifies the Company from and against any and all loss, including costs, expenses, damages and reasonable attorneys' fees resulting from the inaccuracy of any of the foregoing statements.

Dated: May 19, 2009

THE "C AND P" BEAUVAIS BYPASS TRUST, CREATED APRIL 1, 1997

BY: _____
RICHARD M. SCHMERMAN, SUCCESSOR
TRUSTEE

ACC009215
SCHMERMAN
FILE#8145

Owner's Affidavit and Indemnity
FDAZ0352.rdw

NOTARY ACKNOWLEDGMENT(S) TO OWNER'S AFFIDAVIT AND INDEMNITY

State of Arizona)
County of Maricopa)

Subscribed and sworn (or affirmed) before me this 19th day of May, 2009.

(seal)

OFFICIAL SEAL
TANYA R. SAENZ
NOTARY PUBLIC - State of Arizona
MARICOPA COUNTY
My Comm. Expires July 29, 2009

Notary Public

ACC009216
SCHMERMAN
FILE#8145

Owner's Affidavit and Indemnity
FDAZ0352.rdw

SECURITY TITLE AGENCY
8130 E. Cactus Rd., Ste. 520, Scottsdale, AZ 85260
(602)953-4818 FAX (602)953-4819

BUYER INFORMATION FORM
PLEASE COMPLETE AND RETURN

We are pleased to be handling this escrow for you. Your completion of this information form will help us enormously in the processing of this transaction:

1. Buyer(s): _____
   Home Phone No. _____ Work Phone No. _____
   Cell Phone: _____ Email: _____
2. Current Mailing Address: _____
   _____
3. Buyer's exact vesting to be placed on Warranty Deed; please print your name exactly as you wish it to appear of record:
   _____

Mark Applicable Item(s)

[ ] Husband and Wife
[ ] An Unmarried Man (divorced)
[ ] An Unmarried Woman (divorced)
[ ] A Married Man
[ ] A Single Man (never married)
[ ] A Married Woman
[ ] A Single Woman (never married)
[ ] A Widow

[ ] A Widower
[ ] as Joint Tenants
[ ] as Community Property
[ ] as sole and separate property*
[ ] as Partnership (limited or general)
[ ] Corporation (state) _____
[ ] Community Property with Right of Survivorship
[ ] _____

*If married, a Disclaimer Deed, Statement of Information and appropriate instructions will need to be submitted.

[ ] A TRUST AS FOLLOWS: _____
A full copy of the trust will be required.
[ ] As to an undivided _____% interest each, (tenants in common only)
[ ] Other: _____

4. After the close of escrow, I/we will be:
   [X] at the property address.
   [ ] at the following address until _____ and then at the property.
   [ ] at the following address. (We will not be living in the property.)
5. New Loan(s) Buyer(s) Are Applying For:
   Name Of Lender: _____
   Address: _____
   Agent's Name: _____ Phone Number: _____
   Name Of Lender: _____
   Address: _____
   Agent's Name: _____ Phone Number: _____
6. New Insurance:
   Agent's Name: _____ Phone Number: _____
   Address: _____
   Insurance Company: _____

PLEASE COMPLETE, DATE, SIGN AND RETURN

X James Patrick Barron _____

Buyer's Information
FDAZ0292.rdw

ACC009217
SCHMERMAN
FILE#8145

DISBURSEMENTS SUMMARY / BALANCE SHEET

File/Escrow Number: ST09008204
Borrower: THE 1031 EXCHANGE EXPERTS, LLC AS QI FOR JAMES PATRICK BARNES, EXCHANGER
Seller: THE "C AND P" BEAUVAIS BYPASS TRUST, CREATED APRIL 1, 1997
Lender:
Settlement Agent: Security Title Agency
(602)953-4818
Place of Settlement: 8130 E. Cactus Rd., Ste. 520
Scottsdale, AZ 85260
Property Location: [redacted]
[redacted], AZ [redacted]
Maricopa, AZ
Settlement/Closing Date: 05/20/2009

RECEIPTS/DEPOSITS

Transaction Type	Medium	Reference Number	Transaction Date	Deposit Number	Payor	Memo/ Trans. From	Amount
Deposit(c)	Check	541000485	05/07/2009	54050709	JAMES PATRICK BARNES	EARNEST MONE	5,000.00
Deposit	Cashier's(	541000522	05/19/2009	54051909	JAMES PATRICK BARNES	CLOSING FUNDS	111,031.12
Wire(c)	Incoming	912003552	05/15/2009		US Bk/FBO James Barnes	US Bk/FBO Jame	282,314.68
					Total Posted Receipts (3):		398,345.80
					Anticipated Buyer:		0.00
					Anticipated Seller:		0.00
					Anticipated Loan Funding:		0.00
					Anticipated Real Estate Broker:		0.00
					Total Anticipated Receipts:		0.00
					Total Anticipated and Posted Receipts:		398,345.80

DISBURSEMENTS

Pending

Payee	Description	Amount
	Total Pending Disbursements ():	

Posted

Transaction Type	Medium	Reference Number	Transaction Date	Payee	Memo/ Trans. To	Amount
Check	Check	540002262	05/20/2009	1ST USA REALTY Commission $11,970.00 Less Disbursement To:KATHLEEN WRIGHT For:COMMISSION $:11,570.00	Commissions	400.00
Check	Check	540002265	05/20/2009	AMERICAN HOME SHIELD	Home Warranty	585.00
Check	Check	540002263	05/20/2009	KATHLEEN WRIGHT	COMMISSION	11,570.00
Check	Check	540002264	05/20/2009	Maricopa County Treasurer	2007 County Taxes + Penalty	3,445.22
Check	Check	540002266	05/20/2009	Maricopa County Treasurer	2008 County Taxes + Penalty	3,312.41
Check	Check	540002261	05/20/2009	REALTY EXECUTIVES Commission $7,980.00	Commissions	7,980.00
Transfer		544000364	05/20/2009	Security Title Agency Settlement or Closing Fee $814.00 Title Insurance $1,540.00 Recording Fee Deed $18.00 TRUST CERT $18.00 DEATH CERT $18.00	0509JP	2,408.00
Wire	OutgoingW	543000417	05/20/2009	THE "C AND P" BEAUVAIS BYPASS	Closing Proceeds	368,645.17
				Total Posted Disbursements(8):		398,345.80
				Total Pending and Posted Disbursements (8):		398,345.80

(Total Posted Receipts - Total Pending and Posted Disbursements) = **Balance:** 0.00

Balance w/ Anticipated Receipts: 0.00

Prepared By

Approved By

ACC009218
SCHMERMAN
FILE#8145

Date of Report: 5/20/09
Time of Report: 03:12:20PM
Report By: yaguilar

Single Ledger Balance Report

Selection Criteria

Trust Account: *STJP*
Trust Account Number: *754456218*
File ID: *ST09008204*
Responsible Party: *AguilarY*
Settlement Date: *05/20/09*
Starting Date:

Trust Account Description: *STJP*
Client / Matter: *THE 1031 EXCHANGE EXPERTS*
Ledger Comment:
Property: [redacted]
Ending Date:

Ref/Ck Number	Trans. Date	Payee Name / Memo	Medium	Cleared Date	Amount
Deposits					
541000485	05/07/09	JAMES PATRICK BARNES EARNEST MONEY DEPOSIT	Check	05/08/09	$5,000.00
541000522	05/19/09	JAMES PATRICK BARNES CLOSING FUNDS	Cashier'sC		$111,031.12
		Total of 2 Deposits:			**$116,031.12**
Incoming Wires					
912003552	05/15/09	US Bk/FBO James Barnes US Bk/FBO James Barnes	Incoming W	05/18/09	$282,314.68
		Total of 1 Incoming Wire:			**$282,314.68**
Checks					
540002261	05/20/09	REALTY EXECUTIVES Commissions	Check		$7,980.00
540002262	05/20/09	1ST USA REALTY Commissions	Check		$400.00
540002263	05/20/09	KATHLEEN WRIGHT COMMISSION	Check		$11,570.00
540002264	05/20/09	Maricopa County Treasurer 2007 County Taxes + Penalty	Check		$3,445.22
540002265	05/20/09	AMERICAN HOME SHIELD Home Warranty	Check		$585.00
540002266	05/20/09	Maricopa County Treasurer 2008 County Taxes + Penalty	Check		$3,312.41
		Total of 6 Checks:			**$27,292.63**
Transfer (-)					
544000364	05/20/09	Security Title Agency Settlement Agents Fees	To: 0509JP		$2,408.00
		Total of 1 (-) Transfer:			**$2,408.00**
Outgoing Wires					
543000417	05/20/09	THE "C AND P" BEAUVAIS BYPAS: Closing Proceeds	OutgoingWi		$368,645.17
		Total of 1 Outgoing Wire:			**$368,645.17**
Report Totals:			**Balance:**		**$0.00**

Date of Report: *5/20/09*
Time of Report: *03:12:17PM*
Report By: *yaguilar*

ACC009219
SCHMERMAN
FILE#8145

Single Ledger Balance Report

Ref/Ck Number	Trans. Date	Payee Name Memo	Medium	Cleared Date	Amount

Approval Signature

Approval Signature

Date of Report: 5/20/09
Time of Report: 03:12:17PM
Report By: yeguilar

ACC009220
SCHMERMAN
FILE#8145

****** REAL ESTATE CLOSING ****** **540002261**

Buyer/Borrower: THE 1031 EXCHANGE EXPERTS, LLC AS QI FOR JAMES PATRICK BARNES, EXCHANGER
Seller: THE "C AND P" BEAUVAIS BYPASS TRUST, CREATED APRIL 1, 1997
Lender:
Property: [redacted]
Settlement Date: May 20, 2009 Closer/Responsible Party: DALYT
Disbursement Date: May 20, 2009
Check Amount: $ 7,980.00 (ST09008204.PFD/ST09008204/43)
Pay To: REALTY EXECUTIVES
For: Commissions

Commission $7,980.00

SECURITY FEATURES

SECURITY TITLE AGENCY
Escrow Trust Account
8130 E. Cactus Rd., Ste. 520
Scottsdale, AZ 85260
(602)953-4818

JPMorgan Chase Bank,
Phoenix, AZ

91-2/1221

540002261
ST09008204
Commissions

PAY Seven Thousand Nine Hundred Eighty and 00/100 Dollars

COPY

DATE	AMOUNT
May 20, 2009	**$ *****7,980.00**

TO THE ORDER OF REALTY EXECUTIVES

CUSTODIAL ESCROW ACCOUNT
[illegible]

COPY

MEMO

NON-NEGOTIABLE/FILE COPY

ACC009221
SCHMERMAN
FILE#8145

****** REAL ESTATE CLOSING ****** **540002262**

Buyer/Borrower: THE 1031 EXCHANGE EXPERTS, LLC AS QI FOR JAMES PATRICK BARNES, EXCHANGER
Seller: THE "C AND P" BEAUVAIS BYPASS TRUST, CREATED APRIL 1, 1997
Lender:
Property: [redacted]
Settlement Date: May 20, 2009 Closer/Responsible Party: DALYT
Disbursement Date: May 20, 2009
Check Amount: $ 400.00 (ST09008204.PFD/ST09008204/43)
Pay To: 1ST USA REALTY
For: Commissions

Commission $11,970.00
Less Disbursement To:KATHLEEN WRIGHT For:COMMISSION $:11,570.00

SECURITY TITLE AGENCY
Escrow Trust Account
8130 E. Cactus Rd., Ste. 520
Scottsdale, AZ 85260
(602)953-4818

JPMorgan Chase Bank,
Phoenix, AZ
91-2/1221

540002262
ST09008204
Commissions

PAY Four Hundred and 00/100 Dollars

DATE **May 20, 2009**

AMOUNT **$ *****400.00**

TO THE ORDER OF 1ST USA REALTY
8120 E. CACTUS ROAD SUITE 310
SCOTTSDALE, AZ 85260

CUSTODIAL ESCROW ACCOUNT

MEMO

COPY

NON-NEGOTIABLE/FILE COPY

ACC009222
SCHMERMAN
FILE#8145

****** REAL ESTATE CLOSING ****** **540002263**

Buyer/Borrower: THE 1031 EXCHANGE EXPERTS, LLC AS QI FOR JAMES PATRICK BARNES, EXCHANGER
Seller: THE "C AND P" BEAUVAIS BYPASS TRUST, CREATED APRIL 1, 1997
Lender:
Property: [redacted]
Settlement Date: May 20, 2009
Disbursement Date: May 20, 2009
Check Amount: $ 11,570.00
Pay To: KATHLEEN WRIGHT
For: COMMISSION

Closer/Responsible Party: DALYT

(ST09008204.PFD/ST09008204/43)

SECURITY TITLE AGENCY
Escrow Trust Account
8130 E. Cactus Rd., Ste. 520
Scottsdale, AZ 85260
(602)953-4818

JPMorgan Chase Bank,
Phoenix, AZ

91-2/1221

540002263

ST09008204
COMMISSION

PAY Eleven Thousand Five Hundred Seventy and 00/100 Dollars

DATE **May 20, 2009**

AMOUNT **$ *****11,570.00**

TO THE ORDER OF KATHLEEN WRIGHT

CUSTODIAL ESCROW ACCOUNT

MEMO

COPY

NON-NEGOTIABLE/FILE COPY

ACC009223
SCHMERMAN
FILE#8145

****** REAL ESTATE CLOSING ****** **540002264**

Buyer/Borrower: THE 1031 EXCHANGE EXPERTS, LLC AS QI FOR JAMES PATRICK BARNES, EXCHANGER
Seller: THE "C AND P" BEAUVAIS BYPASS TRUST, CREATED APRIL 1, 1997
Lender:
Property: [redacted]
Settlement Date: May 20, 2009 Closer/Responsible Party: DALYT
Disbursement Date: May 20, 2009
Check Amount: $ 3,445.22 (ST09008204.PFD/ST09008204/43)
Pay To: Maricopa County Treasurer
For: 2007 County Taxes + Penalty
111-08-093

SECURITY TITLE AGENCY
Escrow Trust Account
8130 E. Cactus Rd., Ste. 520
Scottsdale, AZ 85260
(602)953-4818

JPMorgan Chase Bank,
Phoenix, AZ

91-2/1221

540002264
ST09008204
2007 County Taxes + Penalty

PAY Three Thousand Four Hundred Forty Five and 22/100 Dollars

DATE **May 20, 2009**

AMOUNT **$ *****3,445.22**

TO THE ORDER OF Maricopa County Treasurer
301 W. Jefferson, #100
Phoenix, AZ 85003

CUSTODIAL ESCROW ACCOUNT
COPY

MEMO 111-08-093

NON-NEGOTIABLE/FILE COPY

ACC009224
SCHMERMAN
FILE#8145

****** REAL ESTATE CLOSING ****** **540002265**

Buyer/Borrower: THE 1031 EXCHANGE EXPERTS, LLC AS QI FOR JAMES PATRICK BARNES, EXCHANGER
Seller: THE "C AND P" BEAUVAIS BYPASS TRUST, CREATED APRIL 1, 1997
Lender:
Property: [redacted]
Settlement Date: May 20, 2009 Closer/Responsible Party: DALYT
Disbursement Date: May 20, 2009
Check Amount: $ 585.00 (ST09008204.PFD/ST09008204/43)
Pay To: AMERICAN HOME SHIELD
For: Home Warranty
20674934

SECURITY FEATURES

SECURITY TITLE AGENCY
Escrow Trust Account
8130 E. Cactus Rd., Ste. 520
Scottsdale, AZ 85260
(602)953-4818

JPMorgan Chase Bank,
Phoenix, AZ
91-2/1221

540002265
ST09008204
Home Warranty

PAY Five Hundred Eighty Five and 00/100 Dollars

DATE **May 20, 2009**

AMOUNT **$ *****585.00**

TO THE ORDER OF AMERICAN HOME SHIELD

CUSTODIAL ESCROW ACCOUNT
NON-NEGOTIABLE

COPY

MEMO 20674934

NON-NEGOTIABLE/FILE COPY

ACC009225
SCHMERMAN
FILE#8145

****** REAL ESTATE CLOSING ****** **540002266**

Buyer/Borrower: THE 1031 EXCHANGE EXPERTS, LLC AS QI FOR JAMES PATRICK BARNES, EXCHANGER
Seller: THE "C AND P" BEAUVAIS BYPASS TRUST, CREATED APRIL 1, 1997
Lender:
Property: [redacted]
Settlement Date: May 20, 2009 Closer/Responsible Party: DALYT
Disbursement Date: May 20, 2009
Check Amount: $ 3,312.41 (ST09008204.PFD/ST09008204/43)
Pay To: Maricopa County Treasurer
For: 2008 County Taxes + Penalty
111-08-093

SECURITY TITLE AGENCY
Escrow Trust Account
8130 E. Cactus Rd., Ste. 520
Scottsdale, AZ 85260
(602)953-4818

JPMorgan Chase Bank,
Phoenix, AZ

91-2/1221

540002266

ST09008204
2008 County Taxes + Penalty

PAY Three Thousand Three Hundred Twelve and 41/100 Dollars

DATE **May 20, 2009**

AMOUNT **$ *****3,312.41**

TO THE ORDER OF Maricopa County Treasurer

CUSTODIAL ESCROW ACCOUNT

COPY

MEMO 111-08-093

NON-NEGOTIABLE/FILE COPY

ACC009226
SCHMERMAN
FILE#8145

Outgoing Wire Form

Settlement Agent Name:	Security Title Agency
File/Escrow Number:	ST09008204
Settlement Date:	5/20/2009
Client/Matter:	THE 1031 EXCHANGE EXPERTS
Ledger Comment:	
Property Address:	[redacted] AZ [redacted]

Transaction Date:	5/20/2009	
Trust Accounting Date:	5/20/2009	
Reference Number:	543000417	
Payee Name:	THE "C AND P" BEAUVAIS BYPASS	Amount: $ 368,645.17

Wire Transfer Source

Trust Account Code:	STJP
Trust Account Bank Name:	STJP
Trust Account Number:	[redacted]6218

Wire Transfer Destination

To Bank:	SUNWEST FEDERAL CREDIT UNION
ABA Routing Number:	322 172 506
Credit Account Name:	C&P BEAUVAIS TRUST
Credit Account Number:	[redacted]5752
Memo:	Closing Proceeds

Branch requestor signature

Branch manager signature

Bookkeeper Use Only

Wire Release		**Verification**
Bank Contact:	Time:	Time:
Account No.:	Date:	Date:
Test Code:		Name of Authorized Person:
Sequence/Reference:		Wire Verifier Signature:
Releaser Signature:		

County Bookkeeping Copy

Date of Report: *5/20/09*
Time of Report: *03:12:11PM*
Report By: *vaduilar*

ACC009227
SCHMERMAN
FILE#8145

Aguilar, Yolanda C.

From: STPhoenixWireBoard
Sent: Thursday, May 21, 2009 8:24 AM
To: Saenz-Daly, Tanya; Aguilar, Yolanda C.
Subject: Wire on ST54-ST09008204-DALYT in the amount of $368,645.17 received May 21 2009

File: **ST54-ST09008204-DALYT**

Type	Date	Bank Reference	Cust Reference	Amount
Outgoing Money Transfer	May 21 2009	1467300141		**$368,645.17**

YOUR REF=NONREF/ PAID TO=FST CORP CU PHO FIRST CORPORATE CREDIT UNION PHOENIX AZ 85015-5428/ FED ID=322184578/ ACCT PARTY=/322172506 SUNWEST FCU/ REMARK=C AND P BEAUVAIS TRUST 175752 CLSG PRCDS ST09008204/ REC GFP=05211451/ MRN SEQ=00141JO14673/ F

***** If you believe this wire was applied to the above file incorrectly please notify the accounting department. Please DO NOT Reply to this email. *****

ACC009228
SCHMERMAN
FILE#8145

Fee Ticket

Branch Code:	Order/Firm File Number:		Revenue Transfer Transaction Date:
ST54-Security Title Age	**ST09008204**		**May 20, 2009**
Settlement Date:	Product Code:	Closer:	
May 20, 2009	**Resale**	**DALYT**	

Bill Code	Line	Description	Amount	Bill Code Total Amount
ESC				**814.00**
	1101	Settlement or Closing Fee *Payee:* Security Title Agency	814.00	
REC				**54.00**
	1201	Recording Fees *Payee:* Security Title	18.00	
	1204	TRUST CERT *Payee:* Security Title	18.00	
	1205	DEATH CERT *Payee:* Security Title Agency	18.00	
TP				**1,540.00**
	1108	Title Insurance *Payee:* Ticor Title Insurance Company	1,540.00	
TOTAL FEES:				**2,408.00**

ACC009229
SCHMERMAN
FILE#8145

* portion of fee noted as Paid Outside Closing

Incoming Wire/Direct Deposit Confirmation

Settlement Agent Name:	Security Title Agency
File/Escrow Number:	ST09008204
Settlement Date:	5/20/2009
Client/Matter:	THE 1031 EXCHANGE EXPERTS
Ledger Comment:	
Property Address:	[redacted] AZ [redacted]

Transaction Date:	5/15/2009		
Trust Accounting Date:	5/18/2009		
Reference Number:	912003552		
Funds Applied Towards:	Buyer	Amount:	$ 282,314.68

Wire Transfer Destination

Trust Account Code:	STJP
Trust Account Bank Name:	STJP
Trust Account Number:	[redacted]6218

Wire Transfer Source

From Bank:	US Bank
Person Calling:	Yolanda Aguilar
Time:	: M
ABA Routing Number:	
Bank Sequence Number:	5125909135
Memo:	US Bk/FBO James Barnes

Received Wire/Direct Deposit Confirmation:

5/15/09

Date

Security Title Agency

Notice of Closing Protection. Pursuant to ARS §6-841.02, Buyers and Sellers of a residential dwelling are notified that the title insurer may offer a closing protection letter that provides protection for the loss of escrow monies due to fraud or dishonesty of the escrow agent. For purposes of this notice, "residential dwelling" means an owner occupied structure or an investment property that is designed for residential use by four or fewer families.

If you do not set up an interest bearing account, as a result ,Security Title Agency may receive an array of bank services, accommodations or other benefits from the depository, which shall accure to Security Title Agency and its affilates.
Security Title Agency will have no obligation to account to you the value of such services, accommodations or other benefits.

Notice of Right to Earn Interest. Pursuant to ARS §6-834(D), notice is hereby given of the right to earn interest on escrowed funds. An interest bearing account may be opened on your behalf, as follows:
1. You must ask your Escrow Agent to set-up an interest bearing account on your behalf.
2. You agree to pay the escrow service charge in the amount of $ 50 for establishing such an account.
3. To establish an interest bearing account, ask for an "Interest Bearing Account Authorization". You may also be asked to complete an IRS Form W9 and/or provide your U.S. Taxpayer Identification Number as may be required by the depository to establish such an account.
Any forms requested must be completed and returned to your Escrow Agent before such an account can be opened with the depository.
4. You may contact your Escrow Agent at Security Title Agency 8130 E. Cactus Rd., Ste. 520, Phone: (602)953-4818 Fax:(602)953-4819.
As an example, the estimated amount of interest you may earn on a deposit of $1,000 for a 30 day period at an estimated savings account interest rate of 2% per annum is $1.67. Interest earned is dependant upon the amount of the deposit, the time of deposit and prevailing interest rate at the time.

Pursuant to A.R.S. §6-841.03, Notice is hereby given that the monies deposited into an escrow account are not insured against loss from fraud or theft by the State of Arizona or the United States government. However, escrowed funds are deposited with depositories that are insured by the Federal Deposit Insurance Corporation

ACC009230
SCHMERMAN
FILE#8145

Date of Report: 5/20/09
Time of Report: [illegible]
Report By: yaguilar

Aguilar, Yolanda C.

From: STPhoenixWireBoard
Sent: Monday, May 18, 2009 10:22 AM
To: Saenz-Daly, Tanya; Branch54; Aguilar, Yolanda C.
Subject: Wire on ST54-ST09008204-DALYT in the amount of $282,314.68 received May 15 2009

File: **ST54-ST09008204-DALYT**

Type	Date	Bank Reference	Cust Reference	Amount
Incoming Money Transfer	May 15 2009	5125909135	000151703420993 CHICAGO TITLE INSURANCE COMPANY ESCATTN ACCOUNTING DEPARTMENT 2555 E CAMELBACK RD STE 500 PHOENIX,AZ,85016	**$282,314.68**

YOUR REF=090515028044/ REC FROM=US BANK ARIZONA 320 N CENTRAL AVE PHOENIX AZ 85004-2111/ FED ID=122105155/ B/O CUSTOMER=/000151703420993 CHICAGO TITLE INSURANCE COMPANY ESCATTN ACCOUNTING DEPARTMENT 2555 E CAMELBACK RD STE 500 PHOENIX,AZ,85016/ REM

***** If you believe this wire was applied to the above file incorrectly please notify the accounting department. Please DO NOT Reply to this email. *****

ACC009231
SCHMERMAN
FILE#8145

Receipt for Funds

Settlement Agent Name: Security Title Agency
File/Escrow Number: ST09008204
Settlement Date: 5/20/2009
Client/Matter: THE 1031 EXCHANGE EXPERTS
Ledger Comment:
Property Address: [redacted] AZ [redacted]

Settlement Agent Contact Info:
8130 E. Cactus Rd., Ste. 520 Scottsdale, AZ 85260
Phone: (602)953-4818 **Fax:** (602)953-4819

Trust Accounting Date: 5/19/2009
Trust Account Code: STJP
Trust Account Bank Name: STJP
Trust Account Number: [redacted]6218

Transaction Date: 5/19/2009
Reference Number: 541000522
Deposit Number:
Received From: JAMES PATRICK BARNES Amount: $ 111,031.12

Funds Applied Towards: Buyer
Type of Funds Received: Cashier'sC
From Check Number: [redacted]2415
Account Number: [redacted]1409
Bank Drawn On: CHASE
ABA Routing Number: 122100024

Memo: CLOSING FUNDS

Received the above funds:

5/19/09
Date

Security Title Agency

Notice of Closing Protection. Pursuant to ARS §6-841.02, Buyers and Sellers of a residential dwelling are notified that the title insurer may offer a closing protection letter that provides protection for the loss of escrow monies due to fraud or dishonesty of the escrow agent. For purposes of this notice, "residential dwelling" means an owner occupied structure or an investment property that is designed for residential use by four or fewer families.

If you do not set up an interest bearing account, as a result, Security Title Agency may receive an array of bank services, accommodations or other benefits from the depository, which shall accure to Security Title Agency and its affiliates.
Security Title Agency will have no obligation to account to you the value of such services, accommodations or other benefits.

Notice of Right to Earn Interest. Pursuant to ARS §6-834(D), notice is hereby given of the right to earn interest on escrowed funds. An interest bearing account may be opened on your behalf, as follows:
1. You must ask your Escrow Agent to set-up an interest bearing account on your behalf.
2. You agree to pay the escrow service charge in the amount of $ 50 for establishing such an account.
3. To establish an interest bearing account, ask for an "Interest Bearing Account Authorization". You may also be asked to complete an IRS Form W9 and/or provide your U.S. Taxpayer Identification Number as may be required by the depository to establish such an account.
Any forms requested must be completed and returned to your Escrow Agent before such an account can be opened with the depository.
4. You may contact your Escrow Agent at Security Title Agency 8130 E. Cactus Rd., Ste. 520, Phone: (602)953-4818 Fax:(602)953-4819.
As an example, the estimated amount of interest you may earn on a deposit of $1,000 for a 30 day period at an estimated savings account interest rate of 2% per annum is $1.67. Interest earned is dependant upon the amount of the deposit, the time of deposit and prevailing interest rate at the time.

Pursuant to A.R.S. §6-841.03. Notice is hereby given that the monies deposited into an escrow account are not insured against loss from fraud or theft by the State of Arizona or the United States government. However, escrowed funds are deposited with depositories that are insured by the Federal Deposit Insurance Corporation

Date of Report: *5/19/09*
Time of Report: *04:21:58PM*
Report By: *Idaly*

282111107 NEW 01/06 8810004306

HOLD DOCUMENT UP TO THE LIGHT TO VIEW WATERMARK [redacted] HOLD DOCUMENT UP TO THE LIGHT TO VIEW WATERMARK

CHASE

9011202415 01-2/1221
Date 05/19/2009

Remitter JAMES P BARNES

Pay: ONE HUNDRED ELEVEN THOUSAND THIRTY ONE DOLLARS AND 12 CENTS

$ ********111,031.12 ***

Pay To The Order Of SECURITY TITLE

Drawer: JPMORGAN CHASE BANK, N.A.
Michael Anderson
Senior Vice President

ST SCHMERMAN 000103

ACC009232
SCHMERMAN
FILE#8145

Receipt for Funds

Settlement Agent Name:
File/Escrow Number: ST09008204
Settlement Date:
Client/Matter: JAMES PARTRICK BARNES
Ledger Comment:
Property Address:

Settlement Agent Contact Info:

Phone: **Fax:**

Trust Accounting Date: 5/7/2009
Trust Account Code: STJP
Trust Account Bank Name: STJP
Trust Account Number: [redacted]6218

Transaction Date: 5/7/2009
Reference Number: 541000485
Deposit Number:
Received From: JAMES PATRICK BARNES Amount: $ 5,000.00

Funds Applied Towards: Buyer
Type of Funds Received: Check
From Check Number: 217
Account Number: [redacted]5466
Bank Drawn On: CHASE
ABA Routing Number: 122100024

Memo: EARNEST MONEY DEPOSIT

Received the above funds:

5/7/09
Date

Notice of Closing Protection. Pursuant to ARS §6-841.02, Buyers and Sellers of a residential dwelling are notified that the title insurer may offer a closing protection letter that provides protection for the loss of escrow monies due to fraud or dishonesty of the escrow agent. For purposes of this notice, "residential dwelling" means an owner occupied structure or an investment property that is designed for residential use by four or fewer families.

If you do not set up an interest bearing account, as a result, may receive an array of bank services, accommodations or other benefits from the depository, which shall accure to and its affiliates.
will have no obligation to account to you the value of such services, accommodations or other benefits

Notice of Right to Earn Interest. Pursuant to ARS §6-834(D), notice is hereby given of the right to earn interest on escrowed funds. An interest bearing account may be opened on your behalf, as follows:
1. You must ask your Escrow Agent to set-up an interest bearing account on your behalf.
2. You agree to pay the escrow service charge in the amount of $ 0 for establishing such an account.
3. To establish an interest bearing account, ask for an "Interest Bearing Account Authorization". You may also be asked to complete an IRS Form W9 and/or provide your U.S. Taxpayer Identification Number as may be required by the depository to establish such an account.
Any forms requested must be completed and returned to your Escrow Agent before such an account can be opened with the depository.
4. You may contact your Escrow Agent at , Phone: Fax:.
As an example, the estimated amount of interest you may earn on a deposit of $1,000 for a 30 day period at an estimated savings account interest rate of 2% per annum is $1.67. Interest earned is dependant upon the amount of the deposit, the time of deposit and prevailing interest rate at the time.

Pursuant to A.R.S. §6-841.03. Notice is hereby given that the monies deposited into an escrow account are not insured against loss from fraud or theft by the State of Arizona or the United States government. However, escrowed funds are deposited with depositories that are insured by the Federal Deposit Insurance Corporation

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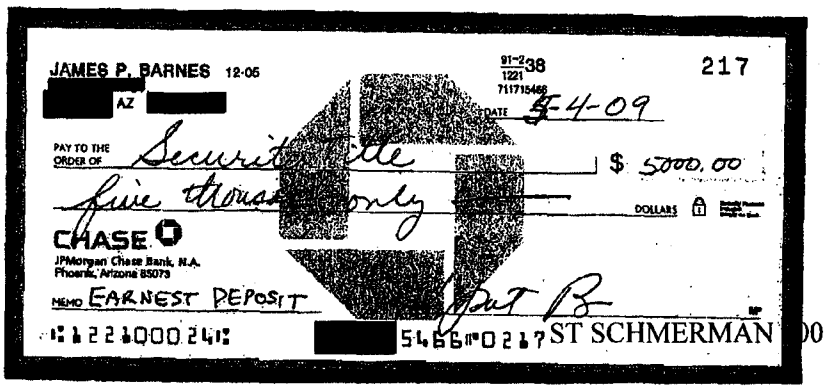
Date of Report: 5/7/09
Time of Report: 03:05:32PM
Report By: tdaly


JAMES P. BARNES 12-05
[redacted] AZ [redacted]
91-2/1221 38
711715466
217
DATE 5-4-09
PAY TO THE ORDER OF Security title $ 5000.00
five thousand only DOLLARS
CHASE
JPMorgan Chase Bank, N.A.
Phoenix, Arizona 85073
MEMO EARNEST DEPOSIT
⑆122100024⑆ [redacted]5466⑈0217

ST SCHMERMAN 00104

ACC009233
SCHMERMAN
FILE#8145

SECURITY TITLE AGENCY
8130 E. Cactus Rd., Ste. 520, Scottsdale, AZ 85260
Phone: (602)953-4818 Fax: (602)953-4819

MASTER SETTLEMENT STATEMENT

Date: May 20, 2009
Settlement Date: May 20, 2009
Buyer: THE 1031 EXCHANGE EXPERTS
[redacted]
[redacted] AZ [redacted]
Seller: THE "C AND P" BEAUVAIS BYPASS
5312 N. 12TH STREET #301
PHOENIX, AZ 85014
Property: [redacted]
[redacted] AZ [redacted]

Time: 03:13 PM
Escrow No.: ST09008204
Escrow Officer: TANYA DALY

and correct copy of the original.
Security Title Agency
By: _____

SELLER Debit	SELLER Credit		BUYER Debit	BUYER Credit
		Financial Consideration		
	399,000.00	Total Consideration	399,000.00	
		Deposit or Earnest money		5,000.00
		1031 EXCHANGE PROCEEDS		282,314.68
		FUNDS TO CLOSE		111,031.12
		Prorations/Adjustments		
1,214.20		County Taxes at $3,144.70 01/01/09to 05/20/09		1,214.20
		Commissions		
		Listing Broker's Commission to REALTY EXECUTIVES 399,000.00 @ 2.00% = 7,980.00		
19,950.00		Selling Broker's Commission to 1ST USA REALTY 399,000.00 @ 3.00% = 11,970.00		
		Escrow Charges		
407.00		Settlement or Closing Fee Security Title Agency	407.00	
		Title Charges		
1,540.00		Title Insurance Ticor Title Insurance Company ALTA Owner's Policy (06/17/2006) (Standard) for 399,000.00 1,540.00		
		Recording Charges		
		Recording Fees	18.00	
18.00		TRUST CERT		
18.00		DEATH CERT		
		Other Debits/Credits		
3,445.22		2007 County Taxes + Penalty Maricopa County Treasurer 111-08-093		
450.00		Home Warranty AMERICAN HOME SHIELD 20674934	135.00	
3,312.41		2008 County Taxes + Penalty Maricopa County Treasurer 111-08-093		

ACC009234
SCHMERMAN
FILE#8145

SELLER Debit	SELLER Credit		BUYER Debit	BUYER Credit
30,354.83	399,000.00	**Subtotals**	399,560.00	399,560.00
	0.00	**Balance Due FROM**		0.00
368,645.17		**Balance Due TO**	0.00	
399,000.00	399,000.00	**TOTALS**	399,560.00	399,560.00

ACC009235
SCHMERMAN
FILE#8145

SECURITY TITLE AGENCY
8130 E. Cactus Rd., Ste. 520, Scottsdale, AZ 85260
Phone: (602)953-4818 Fax: (602)953-4819

BUYER'S ESTIMATED SETTLEMENT STATEMENT

Date: May 19, 2009
Settlement Date: May 20, 2009
Buyer: THE 1031 EXCHANGE EXPERTS, LLC
[redacted]
[redacted], AZ [redacted]
Seller: THE "C AND P" BEAUVAIS BYPASS
5312 N. 12TH STREET #301
PHOENIX, AZ 85014
Property: [redacted]
[redacted] AZ [redacted]

Time: 08:14 AM
Escrow No.: ST09008204
Escrow Officer: TANYA DALY

			DEBIT	CREDIT
FINANCIAL CONSIDERATION				
Total Consideration			399,000.00	
Deposit or Earnest money				5,000.00
1031 EXCHANGE PROCEEDS				282,314.68
PRORATIONS/ADJUSTMENTS				
County Taxes at $3,144.70 01/01/09 to 05/20/09				1,214.20
ESCROW CHARGES				
Settlement or Closing Fee	Security Title Agency		407.00	
RECORDING CHARGES				
Recording Fees			18.00	
OTHER DEBITS/CREDITS				
Home Warranty	AMERICAN HOME SHIELD	20674934	135.00	
Subtotals			399,560.00	288,528.88
Balance Due FROM Buyer				111,031.12
Totals			399,560.00	399,560.00

Buyer

THE 1031 EXCHANGE EXPERTS, LLC, QUALIFIED QI FOR
JAMES PATRICK BARNES, EXCHANGER
BY: X James Patrick Barnes

Security Title Agency
Settlement Agent

ACC009236
SCHMERMAN
FILE#8145

SECURITY TITLE AGENCY
8130 E. Cactus Rd., Ste. 520, Scottsdale, AZ 85260
Phone: (602)953-4818 Fax: (602)953-4819

SELLER'S ESTIMATED SETTLEMENT STATEMENT

Date: May 19, 2009 **Time:** 08:29 AM
Settlement Date: May 20, 2009 **Escrow No.:** ST09008204
Buyer: THE 1031 EXCHANGE EXPERTS, LLC **Escrow Officer:** TANYA DALY

[redacted]
[redacted] AZ [redacted]
Seller: THE "C AND P" BEAUVAIS BYPASS
5312 N. 12TH STREET #301
PHOENIX, AZ 85014
Property: [redacted]
[redacted] AZ [redacted]

			DEBIT	CREDIT
FINANCIAL CONSIDERATION				
Total Consideration				399,000.00
PRORATIONS/ADJUSTMENTS				
County Taxes at $3,144.70			1,214.20	
01/01/09 to 05/20/09				
COMMISSIONS				
Listing Broker's Commission to REALTY EXECUTIVES 399,000.00 @ 2.00% = 7,980.00				
Selling Broker's Commission to 1ST USA REALTY 399,000.00 @ 3.00% = 11,970.00			19,950.00	
ESCROW CHARGES				
Settlement or Closing Fee	Security Title Agency		407.00	
TITLE CHARGES				
Title Insurance	Ticor Title Insurance Company		1,540.00	
ALTA Owner's Policy (06/17/2006) (Standard) for 399,000.00				
RECORDING CHARGES				
TRUST CERT			18.00	
DEATH CERT			18.00	
OTHER DEBITS/CREDITS				
2007 County Taxes + Penalty	Maricopa County Treasurer	111-08-093	3,445.22	
Home Warranty	AMERICAN HOME SHIELD	20674934	450.00	
2008 County Taxes + Penalty	Maricopa County Treasurer	111-08-093	3,312.41	
Subtotals			30,354.83	399,000.00
Balance Due TO Seller			368,645.17	
Totals			399,000.00	399,000.00

Seller

THE "C AND P" BEAUVAIS BYPASS TRUST, CREATED APRIL 1, 1997

BY: _____
RICHARD M. SCHMERMAN, SUCCESSOR TRUSTEE

_____
Security Title Agency
Settlement Agent

ACC009237
SCHMERMAN
FILE#8145

SECURITY TITLE AGENCY
8130 E. Cactus Rd., Ste. 520, Scottsdale, AZ 85260
Phone: (602)953-4818 Fax: (602)953-4819

MASTER SETTLEMENT STATEMENT

Date: May 19, 2009 **Time:** 08:04 AM
Settlement Date: May 20, 2009 **Escrow No.:** ST09008204
Buyer: THE 1031 EXCHANGE EXPERTS, LLC **Escrow Officer:** TANYA DALY
AS QI FOR JAMES PATRICK BARNES,EXCHANGER
[redacted]
[redacted], AZ [redacted]
Seller: THE "C AND P" BEAUVAIS BYPASS
5312 N. 12TH STREET #301
PHOENIX, AZ 85014
Property: [redacted]
[redacted], AZ [redacted]

SELLER Debit	SELLER Credit		BUYER Debit	BUYER Credit
		Financial Consideration		
	399,000.00	Total Consideration	399,000.00	
		Deposit or Earnest money		5,000.00
		1031 EXCHANGE PROCEEDS		282,314.68
		Prorations/Adjustments		
1,214.20		County Taxes at $3,144.70 01/01/09to 05/20/09		1,214.20
		Commissions		
		Listing Broker's Commission to REALTY EXECUTIVES 399,000.00 @ 3.00% = 11,970.00		
23,940.00		Selling Broker's Commission to 1ST USA REALTY 399,000.00 @ 3.00% = 11,970.00		
		Escrow Charges		
407.00		Settlement or Closing Fee Security Title Agency	407.00	
		Title Charges		
1,540.00		Title Insurance Ticor Title Insurance Company ALTA Owner's Policy (06/17/2006) (Standard) for 399,000.00 1,540.00		
		Recording Charges		
		Recording Fees	18.00	
18.00		TRUST CERT		
18.00		DEATH CERT		
		Other Debits/Credits		
3,445.22		2007 County Taxes + Penalty Maricopa County Treasurer 111-08-093		
450.00		Home Warranty AMERICAN HOME SHIELD 20674934	135.00	
3,312.41		2008 County Taxes + Penalty Maricopa County Treasurer 111-08-093		

ACC009238
SCHMERMAN
FILE#8145

[ST09008204.PFD/ST08008204/26] May 19, 2009 08:04 AM

SELLER			BUYER	
Debit	Credit		Debit	Credit
34,344.83	399,000.00	**Subtotals**	399,560.00	288,528.88
	0.00	**Balance Due FROM**		111,031.12
364,655.17		**Balance Due TO**	0.00	
399,000.00	399,000.00	**TOTALS**	399,560.00	399,560.00

The 1031 Exchange Experts, LLC

ACC009239
SCHMERMAN
FILE#8145

Security Title Agency

Proceeds from Real Estate Transactions as required by the Internal Revenue Service

Branch Address
8130 E. Cactus Rd., Ste. 520
Scottsdale, AZ 85260
County MARICOPA County # MARICOPA

Substitute Form 1099-S

This is important tax information and is being furnished to the Internal Revenue Service, as required by section 1521 of the Tax Reform Act of 1986. If you are required to file a return, a negligence penalty or other sanction will be imposed if this income is taxable and the IRS determines that it has not been reported.

TYPE OR MACHINE PRINT ONLY

Escrow Number: ST09008204-ST54 Date of closing: _____

PROPERTY ADDRESS - SEE PAGE 2 FOR EXAMPLES

[redacted], Arizona [redacted]

Assessors Parcel Number (APN) - 111-08-093

PROCEEDS FOR THIS SALE WENT TO: (MULTIPLE SELLERS - Use one form for each seller. Treat husband and wife as one seller (filing joint tax returns) unless requested otherwise, then separate forms must be used.)

See page 2 before completing

1. x C+P Beauvais Trust
Sellers Name (First, MI, Last)

2. _____
Spouse or Personal Representative

x [redacted]
Federal Tax ID# for this seller
(List only the Tax ID# for the seller listed on Line 1, spouse Tax ID# not required. Executor/Trustee should not list their name as the seller unless they are going to report the proceeds on their personal income tax return).

TOTAL CONSIDERATION (SEE PAGE 2 TO CALCULATE)

$ 399,000 Total Consideration

_____ % Percentage of ownership for this seller

$ _____ GROSS Allocated Proceeds

(Total consideration multiplied by percentage of ownership)

[ ] Exchange (If checked)

[ ] Check here if the maximum determinable proceeds cannot be determined with certainty

$_____ Tax Credit to Seller

MAILING ADDRESS:

1811 Palmcroft Way NW
Phoenix, Arizona 85007

[ ] Check here if the address is outside of the U.S.A.

I hereby certify, under penalty of perjury, that I have read the above information and it is true and correct.

[signature] x 05-19-2009

Transferors Signature Date

_____ _____

Spouse Date

ACC009240
SCHMERMAN
FILE#8145

CE-104
(1099) (Rev. 07/04)

ST SCHMERMAN 000111

PROPERTY ADDRESS

For vacant land do not attach legal. List the Lot, Block, Accessors Parcel Number (APN) or Tax Lot #. Do not enter only the street name.
DO NOT FORGET CITY OR COUNTY, STATE AND ZIP.

CORRECT
1. Lot 6, Block 4, Section 7
2. APN 99-99-999-99-9
3. Parcel A and B Anywhere lane

INCORRECT STREET ADDRESS
1. 1/2 NW portion of lot 4, 1/4 less 3 ft of lot 6. (You need only enter as Portion of Lot 4 and 6)
2. 6 acres, Anywhere township (you must use a Lot and Block, or Parcel #)
3. California land (you must include a Lot and Block, or Parcel #)

SELLER NAME AND TIN

It is very important that the sellers name and Federal Tax Identification number (TIN) listed on line 1 match according to IRS records. The TIN for individual recipients of information returns is the Social Security number (SS) (xxx-xx-xxxx) and their full name must be shown. For other recipients including Partnerships and Estates, it is the Employee Identification number (xx-xxxxxxx). You need ONLY list the name of the person whose TIN is being reported on line 1. For Foreign persons (no U.S. Federal TIN) enter the word "FOREIGN" for their Tax ID on line 1. Choose one of the following:

PROCEEDS FOR THIS SALE ARE BEING REPORTED TO:

INDIVIDUAL - List ONE person's full name and Social Security number on line 1. Spouse on line 2. Only husband and wife may be listed on the same form (filing joint tax returns).

ESTATE/TRUST - If the Estate or Trust is being reported, ONLY the person's name corresponding with said TIN should be listed on line 1. The Executor or Trustee (one name only) may be listed on line 2.
NOTE: Line 1 must include the Legal Trust or Estate.
Example: Line 1 John H. Smith Trust or Estate of Jane Smith (xx-xxxxxxx)
Line 2 Jane Smith, Trustee or John Smith, Executor (optional)

PARTNERSHIP - Requires an EIN# (xx-xxxxxxx) & the name of the Partnership listed on line 1. Do not list the individual partners.

TAX CREDIT TO SELLER

Tax Credits to seller contained in the 400 series of the HUD-1 or tax credits to seller on a comparable closing statement form.

GROSS ALLOCATED PROCEEDS WORKSHEET

To be completed by the Escrow Holder

I. TOTAL CONSIDERATION $ 399,000 (See A-D to determine)
Enter this amount on line below, and on Side 1 of this form

Choose only one:

A. Sales (Normally, sales price on closing statement)
B. Concurrent Exchanges (Debt relief, cash received, and notes received) - Check box on side 1.
C. Deferred Tax Exchange (Exchange value until further clarification) - Check box on side 1.
D. Contingent payment transaction (Receipt of a portion of the consideration is subject to a contingency - show the maximum determinable proceeds if all the contingencies were met).
E. The maximum determinable proceeds cannot be determined with certainty. Enter the gross proceeds you can determine and check box.

II. $ _____ Enter $$ amount shown on line I above.
_____ % Multiply by the % of gross proceeds reported by this seller (do not complete a form for 0%). (Example: If the seller is reporting 50% of the gross proceeds, multiply line II by 50%)
$ _____ = Gross allocated proceeds for this seller. Enter this amount on side 1 of this form.

Non-Foreign Certification - Transferee and Transferor

This form is provided so that the buyer and/or seller in this transaction can certify compliance with the Foreign Investment in Real Property Tax Act to the escrow agent and/or buyer. Transferee/Buyer must retain a copy of this document until after the fifth taxable year following the transfer.

I. Transaction on Personal Residence not exceeding $300,000.00.

I/We hereby certify that:

(a) the amount realized for the property in this transaction does not exceed $300,000.00; and

(b) buyer(s) is/are acquiring said property for use as a residence.

N/A

Buyer _____ Buyer _____

II. Certification of Non-Foreign Status by Individual

Section 1445 of the Internal Revenue Code provides that a transferee (buyer) of a U.S. Real Property Interest must withhold tax if the transferor (seller) is a foreign person. To inform the transferee (buyer) and escrow agent that withholding of tax is not required upon my disposition of a U.S. Real Property Interest, I, the undersigned Seller(s), hereby certify the following:

1. I am NOT a non-resident alien for the purposes of U.S. Income Taxation,
2. My U.S. taxpayer identifying number (Social Security Number) is: _____; And
3. My home address is: _____

_____.

I understand that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement I have made herein could be punished by fine, imprisonment, or both.

Under penalty of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete.

Date: _____ Seller _____

Seller _____

Non-Foreign Certification - Transferee and Transferor

III. Certification of Non-Foreign Status by Entity

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. For U.S. tax purposes (including section 1445), the owner of a disregarded entity (which has legal title to a U.S. real property interest under local law) will be the transferor of the property and not the disregarded entity. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest, the undersigned hereby certifies the following on behalf of the transferor/seller:

1. C + P Barnes Trust is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);
2. C + P Barnes Trust is not a disregarded entity as defined in §1.1445-2(b)(2)(iii)?
3. C + P Barnes Trust U.S.employer identification number is 13-16-5724 ; and
4. The office address is 1811 Palmcroft Way NW Phoenix, Ariz 85007.

The transferor/seller understands that this certification may be disclosed to the Internal Revenue Service by transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct, and complete, and I further declare that I have authority to sign this document on behalf of seller.

By: [signature]

Title: Successor Trustee

Date: _____

IV. Certification by Buyer

I have examined this certification and to the best of my knowledge and belief it is true, correct and complete.

X Date: May 19, 2009

X James Patrick Barnes
Buyer

Buyer

FIRPTA-1007-A Seller, Buyer and Escrow Agent to maintain a copy for five (5) years. Rev. 10/31/03

ACC009243
SCHMERMAN
FILE#8145

SECURITY TITLE AGENCY
8130 E. Cactus Rd., Ste. 520, Scottsdale, AZ 85260
(602)953-4818 FAX (602)953-4819

OPEN ORDER FORM

Escrow No.:	ST09008204-ST54	**Current Date:**	May 8, 2009
Escrow Officer:	Tanya Saenz-Daly	**Order Date:**	May 7, 2009 at 07:48 AM
Order Taken By:	tdaly	**Title No.:**	ST09008204-ST54
County/Branch No.:	MARICOPA	**Title Officer:**	Chris Ziegler
Sales Rep.:	Sue Cohee	**Underwriter:**	Ticor Title Insurance Company
Due Date:	May 8, 2009	**Est. Settlement Date:**	May 26, 2009
Ref. No. 1:		**Product Type:**	Resale
Ref. No. 2:		**Source of Business:**	Security Title Agency

Property Address: [redacted] AZ, [redacted]
County: Maricopa
Property Type: Single Family
Brief Legal: Lot 237,PALMCROFT Bk 19,Pg 32 111-08-093
Parcel ID: 111-08-093

Escrow Type:	Purchase	**Sales Price:**	$ 399,000.00
Order Type:	Title and Escrow	**Loan Amount:**	

PROPOSED POLICY INFORMATION

Policy Type:	Coverage Amount:	Premium Amount:
ALTA Owner's Policy (06/17/2006)	$ 399,000.00	$ 1,540.00

Notes: CTRL A
05/08/2009 07:13 AM yaguilar Changed settlement status from: Pending to: Closed

05/08/2009 07:36 AM yaguilar PATRICIA M BEAUVAIS IS DECEASED
05/08/2009 07:42 AM yaguilar Changed settlement status from: Closed to: Pending

Successor trustee Richard M Schmerman

DISTRIBUTION

Buyer/Borrower:
JAMES PARTRICK BARNES

4601 N. 5TH STREET
PHOENIX, AZ 85012-1806
Home: Work:
Cell: Fax:
Email:

602-404-4918

Seller: PICL 602-224-6040 602-284-6669 fax
THE "C AND P" BEAUVAIS BYPASS TRUST, CREATED APRIL 1, 1997
5312 N 12th ST #301
Phx 85014
Home: Work:
Cell: Fax:
Email:
6022665307 fax

602 957 4845 / 602 224 6049

Selling Broker:
1ST USA REALTY
KATHY B. WRIGHT
8120 E. CACTUS ROAD SUITE 310
SCOTTSDALE, AZ 85260
Phone: (602)762-3689 Fax: (602)404-6898
Mobile: Pager:
Email: KATHYISMYREALTOR@COX.NET

Listing Broker:
REALTY EXECUTIVES
BEVERLY HARMAN
7600 N. 16th ST #100 Phoenix 85020
Phone: (602)997-7324 Fax: (602)943-6789
Mobile: Pager:
Email: SUNSHINEBEVH@AOL.COM

Branch Office:
Security Title Agency
8130 E. Cactus Rd., Ste. 520
Scottsdale, AZ 85260
Phone: (602)953-4818 Fax: (602)953-4819
Email: branch54@securitytitle.com

Other Title Company Office:
Security Title Agency
7600 N 15th St, Suite 200
Phoenix, AZ 85020
Phone: (602)216-3800 Fax: (602)216-3899
Email:

SPECIAL INSTRUCTIONS/COMMENTS

ACC009244
SCHMERMAN
FILE#8145

Open Order Form
FDAZ0732.rdw

Wicklund, JJ

From: Saenz-Daly, Tanya
Sent: Wednesday, May 20, 2009 1:12 PM
To: Wicklund, JJ
Subject: Please attach to deed and trsut cert 09008204...PLEASE RECORD ASAP...THANKS!!!! :-)
Attachments: Doc2.doc

ACC009245
SCHMERMAN
FILE#8145

Wicklund, JJ

From: Aguilar, Yolanda C.
Sent: Wednesday, May 20, 2009 9:28 AM
To: Wicklund, JJ
Subject: RE: sty09008204
Importance: High

JJ

We are getting the Bene's via email and will get them over to you shortly. Regarding the other issue, that is totally my error any chance you have a minute to amend the vesting for me? Please please please please please please ???? I know you are busy but this has to record today or Tanya will choke me!!! Please please please

---

From: Wicklund, JJ
Sent: Wednesday, May 20, 2009 9:20 AM
To: Aguilar, Yolanda C.
Cc: Wicklund, JJ
Subject: sty09008204

Warranty Deed
Seller incomplete
Missing Benf. Disclosure
JJ

Wicklund, JJ

From: Wicklund, JJ
Sent: Wednesday, May 20, 2009 9:20 AM
To: Aguilar, Yolanda C.
Cc: Wicklund, JJ
Subject: sty09008204

Warranty Deed
Seller incomplete
Missing Benf. Disclosure
JJ

ACC009247
SCHMERMAN
FILE#8145

Recorder

From: Aguilar, Yolanda C.
Sent: Tuesday, May 19, 2009 5:48 PM
To: Recorder
Cc: Saenz-Daly, Tanya
Subject: PLEASE RECORD UPON RECEIPT ST09008204
Importance: High

Cover Page
Order #: ST09008204

Searched By: NEXTACE TPXML LOGIN
Created On: 5/8/2009 3:43:32 PM

Company: SECURITY TITLE AGENCY/TITLE/01

CRN: 1901200061

	State / County	Req. Pages	Copies	Status/Comment
ORDER ST09008204				
DATEDOWN 05/20/2009				
TAX				
111-08-093 1 (MARICOPA)	AZ / MARICOPA			
PROPERTY				
LT 237 MAP 19/32 (MARICOPA)	AZ / MARICOPA			
APN ARB 111-8 PCL 93 (MARICOPA)	AZ / MARICOPA			
NAME				
BARNES, JAMES (MARICOPA)	AZ / MARICOPA			
THE "C & P" BEAUVAIS BYPASS TRUST (MARICOPA)	AZ / MARICOPA			

ACC009249
SCHMERMAN
FILE#8145

TITLEPOINT

Printed: 5/20/2009 7:23:14 AM UMST
Searched: 5/20/2009 7:21:00 AM

Printed By: jwicklund

Datedown Tax Search
Maricopa, Arizona
Assessor's Parcel 111-08-093 1
Tax Year: 2008-2009
Payment as of: 05/09/2009

Order: ST09008204
Co: Security Title Agency
Dept: Title CRN: 1901200061
TO: 01
Created By: NextAce TPXML LOGIN

APN:	111-08-093 1								
Plat Book	**Page**	**Block**	**Lot(s)**	**Subdivision**	**Section**	**Township**	**Range**	**QQ**	**Acres**
					31	2N	3E		

Described As: **PALMCROFT**
Address: [redacted]
City:
Billing Address: [redacted] **AZ** [redacted]
Assessed Owner(s): **BEAUVAIS PATRICIA M TR**
Search As: **Lot 237 Map 19/32**
APN Arb 111-8 Parcel 93
Sec 31 T 2N R 3E

Use Code:	0141		Primary	Secondary	Conveyance Date: 07/10/1997
		Land AV:	21,310.00	6,635.00	Conveying Instrument: 970465710
SFR GRADE 010-4 URBAN SUBDIVIDED		Imp. AV:		26,540.00	
		Land FCV:	426,197.00	132,700.00	
Region Code:		Imp. FCV:		530,800.00	**Square Footage**
Flood Zone:		Exemptions:			Land: 8316
Zoning Code:		Tax Rate:	8.9436 %	3.7341 %	Improvements:
School Districts		Tax Rate Area:		011300	Tax Defaulted: 2008
Elem:	PHOENIX #1				Total Tax: 3,144.70
High:	PHOENIX				

Installment	Amount	Penalty	Due Date	Status	Payment Date	Balance
1st	1,572.35	146.75	11/01/2008	NOT PAID-DELINQUENT		1,719.10
2nd	1,572.35	20.96	05/01/2009	NOT PAID-DELINQUENT		1,593.31
						3,312.41

Due Thru 6/2009	Due Thru 7/2009	Due Thru 8/2009
$3,354.35	$3,396.28	$3,438.21

Imp Dist	Back Taxes
0	1

Back Taxes

Year	CP #	Bill Type	Purchase Date	Int. Rate	Amount	Cost/Fee	Accum Int
2007	07002901	INDIV	2/9/2009	16	2637.92	25.00	782.30
						CP Total:	3,445.22
						Total Balance:	3,445.22

Due Thru 6/2009	Due Thru 7/2009	Due Thru 8/2009
$3,488.51	$3,531.81	$3,575.10

THIS INFORMATION IS PROVIDED FOR CUSTOMER SERVICE PURPOSES ONLY. PROPERTY INSIGHT DOES NOT WARRANT, NOR GUARANTEE THE ACCURACY NOR COMPLETENESS OF THE INFORMATION SHOWN ON THIS REPORT

ACC009250
SCHMERMAN
FILE#8145

***** END OF REPORT *****

TITLEPOINT

Datedown Search 1 - 5/20/2009

Order #: ST09008204

Searched By: NEXTACE TPXML LOGIN
Created On: 5/8/2009 3:43:32 PM

Company: SECURITY TITLE AGENCY/TITLE/01

CRN: 1901200061

Property Search
Maricopa, Arizona
Lt 237 Map 19/32
Sub/Plat: PALMCROFT

Updates From: 5/8/2009
Prop Cover: 5/12/2009

Property Options: INCLUDE ALL-TRACT; INCLUDE UNDERLYING, THROUGH 1ST PLAT/SUBDIVISION; INCLUDE OVERLYING, UP TO 1ST PLAT/SUBDIVISION; INCLUDE SPLITS
Sort Order: SEQUENCE NUMBER

Alert: THE PLANT RETURNED NO RECORDS FOR THIS SEARCH.

	#	Type	CI	Rec Date	ID	1st Party	2nd Party	Legal

THERE WERE NO RECORDS AVAILABLE TO PRINT FOR THIS SEARCH.

From
Map 19/32

Property Search
Maricopa, Arizona
APN Arb 111-8 Pcl 93

Updates From: 5/8/2009
Prop Cover: 5/12/2009

Property Options: INCLUDE ALL-TRACT; INCLUDE UNDERLYING, THROUGH 1ST PLAT/SUBDIVISION; INCLUDE OVERLYING, UP TO 1ST PLAT/SUBDIVISION; INCLUDE SPLITS
Sort Order: SEQUENCE NUMBER

Alert: THE LEGAL DESCRIPTION REQUESTED IS INVALID - UNKNOWN PROPERTY.

	#	Type	CI	Rec Date	ID	1st Party	2nd Party	Legal

The search was unsuccessful. Please retry the search or contact support for further assistance.

Name Search
Maricopa, Arizona
BARNES, JAMES

Updates From: 5/8/2009
Name Cover: 5/12/2009

Bus./Ind.: Unknown
Role: Owner
Matching: 90%-100%
SSN Filter: N/A
Run Alt. Combinations: OFF

Name Variations:
1. Variation(s) for "BARNES": BARNS
2. Variation(s) for "JAMES": JIMMY, SANTIAGO, JIM, JIMMIE, JAIME

Sort Order: NAME

Alert: OFAC STATUS - CLEAR

	#	Type	CI	Rec Date	ID	Name	Remarks

THERE WERE NO RECORDS AVAILABLE TO PRINT FOR THIS SEARCH.

ACC009251
SCHMERMAN
FILE#8145

RECORDING AND POLICY INSTRUCTIONS

File #: ST54-ST09008204
Closing Officer: Tanya Saenz-Daly, Phone # (602)953-4818
Branch: 3636 N. Central Avenue, Suite 140, Phoenix, AZ 85012

Title Order # ST54-ST09008204
Title Officer: Chris Ziegler

Instructions to Record: 5/20/2009

Owner's Coverage	Lender's Coverage
ALTA Owner's Policy (06/17/2006) (Standard)	ALTA Loan Policy (06/17/2006)
SCHEDULE "A"	**SCHEDULE "A"**
Liability $399,000.00 Premium $1,540.00	Liability $ Premium $
Insured: JAMES PATRICK BARNES, a(n)_____ man Vesting: Estate: I1 Description: Lot 237,PALMCROFT Bk 19,Pg 32 111-08-093	Insured: Vesting: Estate: I1 Description: Lot 237,PALMCROFT Bk 19,Pg 32 111-08-093

Patricia M. Beauvais, Trustee of the "C AND P"
BEAUVAIS BYPASS TRUST, created April 1, 1997

MAY 2 . AM

PLEASE SEND TO record

Show the following items: #5 & 6TAXES ☐☐

The following items were Paid in Escrow: #8 TRUST CERT
#9 RECORD DEATH CERT
#10 SENT TO C.Z.
#11 RECORD DEED

Disposition of Other Items:

ENDORSEMENTS

POLICY DELIVERY/MAILING INSTRUCTIONS

OWNER'S POLICY and 1 copies to:

THE 1031 EXCHANGE EXPERTS, LLC AS QI FOR
JAMES PATRICK BARNES, EXCHANGER
[redacted]
[redacted], AZ [redacted]

LENDER'S POLICY and 0 copies to: LENDER POLICY TO BE DELIVERED WITHIN DAYS!

Re:

ADDITIONAL INSTRUCTIONS:

Prepared By:_____ Date:_____ Approved By: _____ Date: _____

- Title Copy -

ACC009252
SCHMERMAN
FILE#8145

FDAZ0735.rdw

SECURITY TITLE AGENCY
8130 E. Cactus Rd., Ste. 520, Scottsdale, AZ 85260
(602)953-4818 FAX (602)953-4819

Joe

OPEN ORDER FORM

Escrow No.:	ST09008204-ST54	**Current Date:**	May 8, 2009
Escrow Officer:	Tanya Saenz-Daly	**Order Date:**	May 7, 2009 at 07:48·AM
Order Taken By:	tdaly	**Title No.:**	ST09008204-ST54
County/Branch No.:	MARICOPA	**Title Officer:**	Chris Ziegler
Sales Rep.:	Sue Cohee	**Underwriter:**	Ticor Title Insurance Company
Due Date:	May 8, 2009	**Est. Settlement Date:**	May 26, 2009
Ref. No. 1:		**Product Type:**	Resale
Ref. No. 2:		**Source of Business:**	Security Title Agency

Property Address: [redacted] AZ, [redacted]
County: Maricopa
Property Type: Single Family
Brief Legal: Lot 237,PALMCROFT Bk 19,Pg 32 111-08-093
Parcel ID: 111-08-093

Escrow Type:	Purchase	**Sales Price:**	$ 399,000.00
Order Type:	Title and Escrow	**Loan Amount:**	

PROPOSED POLICY INFORMATION

Policy Type:	Coverage Amount:	Premium Amount:
ALTA Owner's Policy (06/17/2006)	$ 399,000.00	$ 1,540.00

Notes: CTRL A
05/08/2009 07:13·AM yaguilar Changed settlement status from: Pending to: Closed

05/08/2009 07:36·AM yaguilar PATRICIA M BEAUVAIS IS DECEASED
05/08/2009 07:42·AM yaguilar Changed settlement status from: Closed to: Pending

DISTRIBUTION

Buyer/Borrower:
JAMES PARTRICK BARNES

4601 N. 5TH STREET
PHOENIX, AZ 85012-1806
Home: Work:
Cell: Fax:
Email:

Seller:
THE "C AND P" BEAUVAIS BYPASS TRUST, CREATED APRIL 1, 1997

Home: Work:
Cell: Fax:
Email:

Selling Broker:
1ST USA REALTY
KATHY B. WRIGHT
8120 E. CACTUS ROAD SUITE 310
SCOTTSDALE, AZ 85260
Phone: (602)762-3689 Fax: (602)404-6898
Mobile: Pager:
Email: KATHYISMYREALTOR@COX.NET

Listing Broker:
REALTY EXECUTIVES
BEVERLY HARMAN
Phone: (602)997-7324 Fax: (602)943-6789
Mobile: Pager:
Email: SUNSHINEBEVH@AOL.COM

Branch Office:
Security Title Agency
8130 E. Cactus Rd., Ste. 520
Scottsdale, AZ 85260
Phone: (602)953-4818 Fax: (602)953-4819
Email: branch54@securitytitle.com

Other Title Company Office:
Security Title Agency
7600 N 15th St, Suite 200
Phoenix, AZ 85020
Phone: (602)216-3800 Fax: (602)216-3899
Email:

SPECIAL INSTRUCTIONS/COMMENTS

REJECTED

Open Order Form
FDAZ0732.rdw

ACC009253
SCHMERMAN
FILE#8145

NEXTAGE

Fidelity National Law Group

A Division of Fidelity National Title Group, Inc.

HOME OFFICE JACKSONVILLE, FLORIDA • MIDWEST OFFICE CHICAGO, ILLINOIS • NORTHWEST REGION WALNUT CREEK, CALIFORNIA • NORTHEAST REGION NEW YORK, NEW YORK • SOUTHEAST REGION TEXAS • SOUTHERN REGION FORT LAUDERDALE, FLORIDA • SOUTHWEST REGION IRVINE, CALIFORNIA • PACIFIC NORTHWEST REGION-WASHINGTON/OREGON, SEATTLE, WASHINGTON • ATLANTIC REGION NEW JERSEY • WESTERN REGION LAS VEGAS, NEVADA • DESERT SOUTHWEST REGION PHOENIX, ARIZONA

Desert Southwest Region
Daniel E. Fredenberg, Esq.
Direct Line: (602) 889-8161
dan.fredenberg@fnf.com

August 8, 2011

Greg Thomsen
Securities Division
Arizona Corporation Commission
1300 West Washington, 3rd Floor
Phoenix, Arizona 85007

Re: *Subpoena for Richard Schmerman*
Your File No. 8145

Dear Mr. Thomsen:

Enclosed is the signed Affidavit of Custodian of Records that was not originally attached to the Subpoena. Should you have any other questions, please contact me.

Very truly yours,

Cristina Contreras
Office Administrator/Paralegal

cmc
Enclosure

EXHIBIT
S-28b
ADMITTED

P:\Cases\Subpoena\L55490\Letters\Greg Thomsen_2011 08 08_CMC

ACC011338
SCHMERMAN
FILE#8145

AFFIDAVIT OF CUSTODIAN OF RECORDS

STATE OF Arizona)
) ss.
County of Maricopa)

The undersigned hereby declares, under oath, that the following statements are true:

1. I am over the age of eighteen, have personal knowledge of the facts set forth below, and am competent to testify.

2. I am the duly authorized Custodian of Records of Fidelity National Law Group for the documents produced herewith.

3. I have the authority to certify said records.

4. The records submitted herewith are true copies of all records under my possession or control responsive to the Subpoena directed to the Custodian of Records of the entity identified in paragraph 2 above.

5. The records were prepared or obtained by personnel or representatives of the entity or persons acting under the control of personnel or representatives of the entity identified in paragraph 2 above in the ordinary course of business at or near the time of the act, condition, or event in said records.

6. The records are kept in the course of regularly conducted business pursuant to the regular practice of the entity identified in paragraph 2 above.

Cristina Contreras
Custodian of Records

SUBSCRIBED and SWORN to before me this 4th day of August, 2011, by Cristina Contreras.

My Commission Expires:

Jean M. Russell
NOTARY PUBLIC

(seal)

OFFICIAL SEAL
JEAN M. RUSSELL
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires April 14, 2012

ACC011339
SCHMERMAN
FILE#8145

OK to OPEN 5/4/5/89 PX-1435-

Form A: Your Charles Schwab IRA Application

1. Account information section.

Please print. In order for your account to be processed, all information must be completed.

FULL NAME OF PARTICIPANT FIRST Patricia MIDDLE M LAST Beaumier

Residence and business addresses are required to process your account (indicate mailing address below).

RESIDENCE ADDRESS (P.O. BOX NOT SUFFICIENT) [redacted]

CITY [redacted] STATE ZIP

BUSINESS ADDRESS

CITY STATE ZIP

Please indicate the address to which mail should be sent: ☒ Residence ☐ Business ☐ P.O. Box

CITY STATE ZIP

SOCIAL SECURITY NO. [redacted]

DATE OF BIRTH [redacted]

RESIDENCE PHONE [redacted]

BUSINESS PHONE

COUNTRY OF CITIZENSHIP US

COUNTRY OF LEGAL RESIDENCE US

EMPLOYER Retired

OCCUPATION (Or, if unemployed, retired, or spousal IRA, please indicate.) Retired

IF YOU ARE AFFILIATED WITH OR WORK FOR A SECURITIES FIRM, BANK, TRUST, OR INSURANCE COMPANY, PLEASE SPECIFY THE FIRM OR COMPANY: NO

IF YOU ARE A DIRECTOR, 10% SHAREHOLDER, OR POLICY-MAKING OFFICER OF A PUBLICLY TRADED COMPANY, PLEASE SPECIFY THE COMPANY: NO

2. Type of account.

Please open the following type of IRA account (check only one):

☐ Contributory Account

☒ Rollover Account

☐ Simplified Employee Pension Account. (Please attach a copy of IRS Form 5305-SEP.)

NAME OF BUSINESS

3. Rollover section.

(Complete for rollover funds only.)

A. Please establish my IRA Account with a rollover contribution in the amount of $ 28.45 and/or the following non-cash assets acceptable to Charles Schwab & Co., Inc. (List the non-cash assets below. Please use separate sheet if more space is needed.)

AT&T Stock Certificate 92 shares

EXHIBIT S-29a

DATE OF RECEIPT OF DISTRIBUTION 3-6-89 from NAME OF PLAN/IRA ESOP

TRUSTEE OR CUSTODIAN OF PLAN/IRA STREET ADDRESS CITY STATE ZIP

B. Treatment of Rollover Account (check one):

☐ I intend to deposit annual IRA contributions and/or additional rollover contributions to this Account.

☐ I do not intend to make any additional contributions to this Account.

4. Money Market Fund section.

Please invest my funds in the Kemper Cash Equivalent Fund portfolio indicated below:

☐ Money Market Portfolio ☒ Government Securities Portfolio

Unless otherwise indicated, funds will be invested in the Money Market Portfolio.

ACC010227
FILE #8145

SCHWAB IRA ACCOUNT APPLICATION

How to complete your Application

Opening your IRA account with Charles Schwab is easy. Just complete and sign Form A.

- **If your spouse wants to open an IRA account,** he or she must complete a separate IRA Application (Form A), and he or she will receive a separate account number. Additional forms are available from your local Schwab office.
- **If you want to transfer your IRA account from another institution,** please complete the Transfer of Account information request card enclosed in this packet. (To transfer only part of another account, please contact your local Schwab branch for special instructions.)

How to complete Form A

Please provide all of the information requested in each section. Here are a few reminders:

- Please check one of three boxes indicating whether your account is **Contributory, Rollover, or SEP-IRA.** (If none of these boxes is checked, we will assume that you are opening a Contributory account.)
- You need to complete the Rollover Section only if you are moving your distribution from a qualified retirement plan into your Schwab IRA account.
- Be sure to check the box for the money market fund of your choice. Whenever your IRA money is not being used to buy stocks, mutual funds, or other securities, it will automatically be invested in this fund.
- And please do not forget to write in the names and addresses of your primary and contingent beneficiaries.

To trade covered options in your account: complete Form B

To designate an agent for your account: complete Form C

On Form C, please provide the name of your designated agent, or "Limited Power of Attorney," if anyone other than yourself will be trading in your IRA account.

This includes your spouse, if he or she want to buy or sell securities for your account.

If you have signed Form B, for options trading, your agent also must complete and sign a separate Form B.

How to make contributions to your IRA account

- Please make all contributions by check, and payable to Charles Schwab & Co., Inc.
- If both you and your spouse are opening IRA accounts, you may write one check for the two of you. Please indicate **on the check the names on each of your accounts and the amount you are designating for each account.**
- Please make sure to write on your check the **tax year for which you are making your contribution.**
- You can make contributions to your IRA account by mailing your checks to the local Schwab office serving your account. Or you can use Schwab's deposit envelopes, which you will receive in the mail shortly.

Please fold the form(s) as indicated, and mail it (them) in the postage-paid envelope. **The preaddressed Schwab local address must show through the envelope window.**

Charles Schwab
America's Largest Discount Broker

SIPC

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FILE #8145

Form A *Continued*

5. Beneficiary section

I hereby designate the following person or persons as beneficiaries for my Charles Schwab IRA Plan.

A. Primary Beneficiary(ies):

NAME	RELATIONSHIP	% BENEFITS
Charles E. Beauvais	Spouse	100%

ADDRESS: STREET	CITY	STATE	ZIP
[redacted]	[redacted]	[redacted]	

NAME	RELATIONSHIP	% BENEFITS

ADDRESS: STREET	CITY	STATE	ZIP

NAME	RELATIONSHIP	% BENEFITS

ADDRESS: STREET	CITY	STATE	ZIP
1 0 7 0 3 5 2 1 3 5 4			

B. Contingent Beneficiary(ies): To receive benefits if none of the Primary Beneficiaries survive me.

NAME	RELATIONSHIP	% BENEFITS
Pierre V Perryman	Brother	100%

ADDRESS: STREET	CITY	STATE	ZIP
[redacted]	[redacted]	Florida	

NAME	RELATIONSHIP	% BENEFITS

ADDRESS: STREET	CITY	STATE	ZIP

I elect that at my death the interest in my CHARLES SCHWAB & CO., INC. INDIVIDUAL RETIREMENT PLAN (the "Plan") shall become the property of the primary beneficiary. If I have named more than one primary beneficiary, each such beneficiary surviving at my death will receive a share of the benefits determined by multiplying the total benefit to be distributed by a fraction, the numerator of which is the percentage to be distributed to such beneficiary as indicated above, and the denominator of which is the total stated percentages to be distributed to all such surviving primary beneficiaries. If no primary beneficiary survives me, surviving contingent beneficiaries shall share in the benefit in the same fashion as described above for primary beneficiaries. If no designated beneficiary survives, or if the Custodian cannot locate the beneficiary, then the Custodian shall distribute the amounts payable to my estate. I reserve the right to revoke or change this beneficiary designation. I understand that such change or revocation must be tendered in writing as specified in the Disclosure Statement. All prior designation (if any) or primary beneficiaries and contingent beneficiaries are hereby revoked. If no indication of benefits is made, funds will be divided equally. If no designation is made, the funds will be paid to my estate.

6. Conditions of the Charles Schwab IRA plan

1. I have received and read the Plan, the Disclosure Statement, and the CEF Cash Management Service Authorization.
2. I understand that Charles Schwab & Co., Inc. will invest and reinvest the assets in the Account only on my direction and will not give me investment advice or offer any opinion on the value or suitability of any investment for my Account.
3. I understand that Charles Schwab & Co., Inc. may tape record my telephone conversations in order to verify data regarding my transactions.
4. I understand that I will earn income on funds invested in the Cash Equivalent Fund in accordance with the terms of the Prospectus of said fund.

With all Schwab IRAs, Schwab will automatically hold—free of charge—all of my securities purchased. Schwab will also hold all sale proceeds, dividends, and interest. In addition, Schwab will release my name, address, and security position to requesting companies in which Schwab holds securities for my account unless I have checked the box below.

☒ I do not want my name, address, and security position released to requesting companies in which I hold securities.

I hereby adopt the Charles Schwab & Co., Inc., INDIVIDUAL RETIREMENT PLAN (the "Plan") which is made a part of this Agreement, establish the Account described above, name Charles Schwab & Co., Inc. as Custodian of the Account and designate the beneficiaries listed above. This Agreement will be effective on receipt by Charles Schwab & Co., Inc. as Custodian, if executed by the Custodian in due course. I have read and understood the conditions of the Plan and the Brokerage Account Terms and Conditions and the Money Market Fund Terms and Conditions as stated in the enclosed Schwab IRA Terms and Conditions brochure.

~~I hereby certify that all the information stated on this form is true and correct.~~

PARTICIPANT (PRINT NAME)	SIGNATURE OF PARTICIPANT	DATE
PATRICIA M BEAUVAIS	X Patricia M Beauvais	4-5-89

If you currently have a Schwab account, please indicate your account number

Do you have an account at another brokerage firm? ☒ Brokerage account ☐ IRA/KEOGH account
(Check if applicable)

For Charles Schwab & Co., Inc., use only

Accepted by CHARLES SCHWAB & CO., INC., as Custodian

By: [signature] Authorized Signature Title: Br. Mg. V.P.

IRA Account Number: PV-1435-6622 Date: 4/5/89

ACC010229
FILE #8145

Schwab INSTITUTIONAL

HCd DEC 21 1997

SCHWAB TRUST BROKERAGE ACCOUNT APPLICATION

Please print or type. All information must be completed to open your account.

Note: To be filled out by Investment Manager.

Investment Manager ("IM") Firm Name *(please print)* Diversified Financial

IM Master Account Number [redacted] - 1806 ISG Team 6

Please indicate if you are *(select one)*:

☐ Opening a Schwab Trust Brokerage Account. *(Please complete all sections, as applicable.)*

☒ Converting an existing Brokerage Account to a Schwab Trust Brokerage Account. *(Please complete all sections, as applicable.)*

☐ Amending the Trustees or the Powers of the Trustees for an existing Schwab Trust Brokerage Account. *(Please complete all sections, as applicable, except Section 9.)*

Existing Schwab Trust Account Number ___ ___ ___ ___ - ___ ___ ___ ___

1. TYPE OF ACCOUNT

Please indicate the type of account you want *(select one)*: ☒ Schwab Trust Brokerage Cash Account Only

☐ Schwab Trust Brokerage Account with Margin Trading Feature

Please indicate the type of trust: ☐ Revocable Living Trust ☐ Irrevocable Living Trust

☐ Irrevocable Testamentary Trust ☒ Other *(please indicate)* Bypass Trust

2. PLEASE SUPPLY THE FOLLOWING INFORMATION

Trust Name C & P Beauvais Bypass Trust Date of Trust 4-1-97

Trust Tax I.D. Number or Social Security Number [redacted] Trust governed by laws of the State of Arizona

Please list all trust beneficiaries.

Trust Beneficiary _____

Additional Trust Beneficiary _____

Additional Trust Beneficiary _____

If the trust beneficiaries are to be listed in the account registration, please check this box: ☐

Has the original Trust Agreement been amended or restated? ☐ Yes ☒ No

If yes, fill in the following:

Date(s) of amendment(s) _____ Date(s) of restatement(s) _____

EXHIBIT S29b ADMITTED

Trustee

Trustee Name Patricia M Beauvais

(☐ Mr. ☒ Mrs. ☐ Miss ☐ Ms. ☐ Dr. ☐ Other _____)

Social Security Number [redacted] Birth Date [redacted]

Country of Citizenship US Country of Legal Residence US

FOR CHARLES SCHWAB USE ONLY

Account Number ___ ___ - ___ ___ ___ ___ - ___ ___ ___ ___

Approved by _____ Print Name of Approver _____

Source Code _____ Date Approved _____

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FILE #8145

SECTION 2 *(continued)*

Home Street Address *(P.O. Box not sufficient)* [redacted]

City [redacted] State AZ Zip [redacted]

Home Phone [redacted]

Occupation *(If self employed, indicate nature of business.)* Retired

Employer Name _____

Employer Street Address *(P.O. Box not sufficient)* _____

City _____ State _____ Zip _____

Business Phone _____

Specify any publicly traded company of which you are a director, 10% shareholder or policy-making officer:

Company Name _____

Specify any securities firm with which you are affiliated:

Company Name _____

Where would you like us to send mail? This will be the Address of Record. ☒ Home ☐ Business ☐ P.O. Box *(complete the section below)*

P.O. Box Number _____ City, State, Zip _____

3. CO-TRUSTEE

Co-Trustee Name _____
(☐ *Mr.* ☐ *Mrs.* ☐ *Miss* ☐ *Ms.* ☐ *Dr.* ☐ *Other* _____)

Social Security Number _____ Birth Date _____

Country of Citizenship _____ Country of Legal Residence _____

Home Street Address *(P.O. Box not sufficient)* _____

City _____ State _____ Zip _____

Home Phone _____

Occupation *(If self employed, indicate nature of business.)* _____

Employer Name _____ Business Phone _____

Employer Street Address *(P.O. Box not sufficient)* _____

City _____ State _____ Zip _____

Specify any publicly traded company of which you are a director, 10% shareholder or policy-making officer:

Company Name _____

Specify any securities firm with which you are affiliated:

Company Name _____

Please note:

Please collect and attach this information for each additional trustee: (1) The name, Social Security number, occupation, and the employer's name and address of any other Trustees signing Section 10 of this Schwab Trust Brokerage Account Application; and (2) please identify any Trustee who is affiliated with any securities firm or who is a director, 10% shareholder or policy-making officer of any publicly traded company, and please name the company.

(over, please)

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Account Number ___ ___ - ___ ___ ___ ___ - ___ ___ ___ ___

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4. ACCOUNT HANDLING INSTRUCTIONS

For your convenience, Schwab will automatically hold all of your securities purchased, all sale proceeds, dividends, and interest. If you do not want your account handled in this manner, we will follow your special handling instructions indicated below. All mail will be sent to the Address of Record specified in Section 2. (Please check any boxes that apply.)

- ☐ Mail certificates. (A small handling fee applies.)
- ☐ Mail all dividends/interest at the end of the month.
- ☐ Mail proceeds on settlement date. (Not available if you select a Schwab Money Market Fund.)
- ☐ Mail all dividends/interest as they are paid.

5. COMPLETE THIS SECTION TO EARN DAILY INCOME ON THE CASH BALANCES IN YOUR ACCOUNT

You may have the cash balance in your Schwab Account swept daily into a Schwab Money Fund of your choice and earn daily income. There is a $1,000 minimum opening investment for a Schwab Money Fund. To obtain a prospectus and Money Fund Agreement, please check one of the boxes below. This is an indication of interest only. You are not obligated to buy shares of any Schwab Money Fund. Please read the prospectus carefully for any Schwab Money Fund in which you are interested before you invest. If no box is checked, we will invest your funds in the Schwab Money Market Fund. **Select *one* of the funds below.**

- ☐ Schwab Money Market Fund
- ☒ Schwab U.S. Treasury Money Fund
- ☐ Schwab Govt. Securities Fund
- ☐ Schwab Tax-Exempt Money Fund–Sweep Shares
- ☐ Schwab California Tax-Exempt Money Fund–Sweep Shares *(for California taxpayers only)*
- ☐ Schwab New York Tax-Exempt Money Fund–Sweep Shares *(for New York taxpayers only)*
- ☐ Florida Municipal Cash Trust *(for Florida taxpayers only)*
- ☐ I do not wish to invest in a Schwab Money Fund.

If you wish to fund your Schwab Money Fund at this time, please enclose a check for your initial deposit. Make check payable to Charles Schwab & Co., Inc.

Amount of your initial deposit _____

6. REORGANIZATION LETTER AND MATERIALS MAILING PREFERENCES

Please select one of the following:
Note: Materials are any documents the Issuer wishes to include in the mailing.

- ☒ Investment Manager receives an information-only letter and the materials.
  Account Holder performs the action, receives the Response Coupon and the materials.
- ☐ Investment Manager performs the action, receives the Response Coupon and the materials.
  Account Holder receives an information-only letter and the materials.
- ☐ Investment Manager performs the action, receives the Response Coupon and the materials.
  Account Holder does not receive anything related to the Reorganization.
- ☐ Investment Manager does not receive anything related to the Reorganization.
  Account Holder performs the action, receives the Response Coupon and the materials.

7. INTERIM MAILING PREFERENCES

Please select one of the following:
Note: Interim mailings include annual reports, semi-annual reports, quarterly reports, and prospectuses that are subsequent to the initial purchase mailing.

- ☐ Both Investment Manager and Account Holder receive the Interim mailings.
- ☒ Investment Manager receives the Interim mailings; Account Holder **does not** receive the Interim mailings.
- ☐ Investment Manager **does not** receive the Interim mailings; Account Holder receives the Interim mailings.

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Account Number ___ ___ – ___ ___ ___ ___ – ___ ___ ___ ___

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FILE #8145

8. AUTHORIZATIONS

Please note: If more than one Trustee is listed on the account registration, EACH Trustee must initial the authorizations granted below. Any of these authorizations may be revoked by providing written authorization to Schwab.

PMB Trustee ____ Co-Trustee ____ Co-Trustee ____ Co-Trustee ____ **Trading Authorization.** I authorize IM to direct Schwab to execute trades in the account as provided under the Trading Authorization in the Trust Brokerage Agreement on the following page.

PMB Trustee ____ Co-Trustee ____ Co-Trustee ____ Co-Trustee ____ **Disbursement Authorization.** I authorize IM to direct disbursal of funds for investment purposes or to me directly as trustee. I authorize Schwab to remit checks, wire funds, and otherwise to make disbursements of funds held in the Account, 1) to banks, broker-dealers, investment companies or other financial institutions to an account of identical registration, or 2) to the Address of Record. **(Note: This option is only effective if IM is authorized to direct Schwab to execute trades.)**

PMB Trustee ____ Co-Trustee ____ Co-Trustee ____ Co-Trustee ____ **Fee Payment Authorization.** I authorize Schwab to pay management fees to IM from the account as directed by IM and as authorized in the client agreement between client and IM. Schwab may redeem money market fund shares in the account to the extent necessary to pay such fees. Schwab may rely on the invoices submitted by IM, and will have no responsibility to verify fees so invoiced.

____ Trustee ____ Co-Trustee ____ Co-Trustee ____ Co-Trustee **Asset-Based Pricing Authorization.** If Schwab fees will be asset-based, I have received, read, and agreed to the terms indicated in the Asset-Based Pricing Agreement.

PMB Trustee ____ Co-Trustee ____ Co-Trustee ____ Co-Trustee **Release of Information Authorization.** I authorize Schwab to send duplicate copies of the trade confirmations and account statements to IM via mail and/or via SchwabLink.™

PMB Trustee ____ Co-Trustee ____ Co-Trustee ____ Co-Trustee **Release of Name Authorization.** I authorize Schwab to disclose the Trust's name upon request to companies whose securities are held in my account.

9. INFORMATION FOR CONVERTING AN EXISTING SCHWAB ACCOUNT

Please complete this section if you currently have a Schwab Account and would like to reregister those assets into your Schwab Trust Brokerage Account. (Note: IRA, Keogh, and 403(b)(7) accounts may not be converted to a Schwab Trust Brokerage Account.)

Account Number [redacted] - 7 2 2 4

☒ **If the Social Security/Tax I.D. number remains the same,** check here and we will convert your account to a Schwab Trust Brokerage Account and you may keep the same account number.

☐ **If the Social Security/Tax I.D. number on your existing account is different from that of your trust,** but you would like to transfer all of your assets from your existing Schwab Account to your new Schwab Trust Brokerage Account, please sign below. (All account holders on the account from which you are transferring must sign this section.)

I understand that my existing account (indicated above) will be closed.

Trustee's Signature Patricia M. Beauvais Date Dec 17, 97

Co-Trustee's Signature ____ Date ____

Co-Trustee's Signature ____ Date ____

Co-Trustee's Signature ____ Date ____

(over, please)

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Account Number ____ ____ - ____ ____ ____ ____ - ____ ____ ____ ____

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ACC010233
FILE #8145

10. PLEASE READ AND SIGN THIS SCHWAB TRUST BROKERAGE ACCOUNT AGREEMENT

This agreement is only effective upon Schwab's acceptance and approval of this application. The words "I," "me," and "Account Holder" refer to the Trustee(s).

I ask Charles Schwab & Co., Inc. ("Schwab") to open a Brokerage Account (the "Account") on behalf of the Trust listed on this Schwab Trust Brokerage Account Application ("BAA"). I am of legal age. I agree to read and be bound by the terms of this BAA and the Schwab Brokerage Account Agreement booklet ("Account Agreement"), all as currently in effect and as periodically amended. I will notify Schwab if I do not receive the Account Agreement. This Agreement will be effective upon its acceptance by Charles Schwab & Co., Inc.

Trading Authorization. If I have indicated on this BAA that Investment Manager ("IM") will have the authority to direct Schwab to execute trades in the account, I authorize IM to be my agent and attorney-in-fact, and as such to give instructions to Schwab regarding the account, and to take all other actions necessary or incidental to the execution of such instructions. If the account has a margin feature, IM is authorized to direct Schwab to trade on margin, to sell short, to borrow securities, to otherwise cause credit to be extended through the Account, and to secure the performance of obligations in the Account with any assets held in the Account (the "Account Assets"). If the account is authorized for option trading, IM is authorized to direct Schwab to purchase and sell (write) index participation contracts and covered and uncovered option contracts on securities and securities-related indexes. Schwab, and other people Schwab has given instructions to in order to implement the IM's instructions, may rely on IM's instructions without obtaining my approval, counter-signature or co-signature. IM's authority will include, without limitation: the authority to give instructions for transactions in securities and financial instruments, including the buying and selling of stocks, bonds, debentures, notes, subscription warrants, stock purchase warrants, covered options (if I have authorized trading covered options), mutual fund shares, evidences of indebtedness, and any other securities, instruments of contracts relating to securities; and for purchases, sales, and, where necessary to complete any transaction, the authority to transfer, convert, endorse, sell, assign, set over, and deliver any Account Assets and to make, execute, and deliver any and all written instruments of assignment and transfer. I further authorize Schwab, acting upon IM's instructions, to aggregate transaction orders for the account with orders for one or more other accounts over which IM has investment discretion or to accept or deliver assets in transactions executed by other broker-dealers where IM has so aggregated orders. I agree that if any such aggregated order is executed in more than one transaction, my portion of such order may be deemed to have been executed at the weighted average of the prices at which all of such transactions were executed.

Role of Charles Schwab & Co., Inc. I acknowledge and agree that: Schwab will merely carry out transactions as directed by me and/or IM as the case may be; Schwab will not give investment advice to me or to IM; I (and not Schwab) am responsible for investigating and selecting IM; IM is not affiliated with or controlled or employed by Schwab; Schwab has no duty to supervise or monitor trading by me or by IM in the account. Schwab will send me written confirmations of my trades executed through Schwab and monthly statements of all activity in the account. If any of IM's employees is associated with a member of the NASD, NYSE or affiliate, Schwab is authorized to deliver information concerning the account to such member upon request.

Termination of Authorizations. The authorizations in this BAA will remain effective until I have revoked any of them by giving written notice to Schwab. Such revocation will not affect my obligation resulting from transactions initiated prior to receipt of such written notice.

Indemnification. I agree to indemnify and hold harmless Schwab, its affiliates, and their directors, officers, employees, and agents from and against all claims, actions, costs, and liabilities, including attorney's fees arising out of or relating to: (1) their reliance on this BAA, and (2) Schwab's execution of IM's instructions.

Transfer Agent. I agree that any transfer agent or third party receiving a copy of this BAA may act according to its terms and agree to indemnify and hold harmless any such transfer agent or third party from all claims arising from such reliance. Any transfer agent or third party's right to act hereunder shall remain in effect until such transfer agent or third party is informed of its revocation or termination.

Telephone Monitoring. I understand that Charles Schwab & Co., Inc. may tape-record my telephone conversations in order to verify data regarding my transactions.

Successors and Heirs. This Agreement supplements and in no way limits or restricts rights which Schwab may have under any other agreement with me. This Agreement will bind my heirs, executors, administrators, successors, and assigns, and will benefit Schwab's successors and assigns.

ARBITRATION AGREEMENT. REGULATORY AUTHORITIES REQUIRE THAT ANY BROKERAGE AGREEMENT CONTAINING A PRE-DISPUTE ARBITRATION AGREEMENT MUST DISCLOSE THE FOLLOWING:

- ARBITRATION IS FINAL AND BINDING ON THE PARTIES.
- THE PARTIES ARE WAIVING THEIR RIGHT TO SEEK REMEDIES IN COURT, INCLUDING THE RIGHT TO JURY TRIAL.
- PRE-ARBITRATION DISCOVERY IS GENERALLY MORE LIMITED THAN AND DIFFERENT FROM COURT PROCEEDINGS.
- THE ARBITRATOR'S AWARD IS NOT REQUIRED TO INCLUDE FACTUAL FINDINGS OR LEGAL REASONING AND ANY PARTY'S RIGHT TO APPEAL OR TO SEEK MODIFICATION OF RULINGS BY THE ARBITRATORS IS STRICTLY LIMITED.
- THE PANEL OF ARBITRATORS WILL TYPICALLY INCLUDE A MINORITY OF ARBITRATORS WHO WERE OR ARE AFFILIATED WITH THE SECURITIES INDUSTRY.

I AGREE TO SETTLE BY ARBITRATION ANY CONTROVERSY BETWEEN MYSELF AND SCHWAB OR ANY OF SCHWAB'S OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS, RELATING TO THE ACCOUNT AGREEMENT, ANY ACCOUNT TRANSACTION, OR IN ANY WAY ARISING OUT OF MY RELATIONSHIP TO SCHWAB OR IM. SUCH ARBITRATION WILL BE CONDUCTED ACCORDING TO THE SECURITIES ARBITRATION RULES THEN IN EFFECT OF THE AMERICAN ARBITRATION ASSOCIATION (APPLYING ITS SECURITIES ARBITRATION RULES), THE NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC., OR ANY REGISTERED NATIONAL SECURITIES EXCHANGE. ARBITRATION MAY BE INITIATED BY SERVING OR MAILING A WRITTEN NOTICE. THE NOTICE MUST SPECIFY WHICH FORUM WILL HEAR THE ARBITRATION. THIS SPECIFICATION WILL BE BINDING ON ALL PARTIES. ANY AWARD THE ARBITRATOR MAKES WILL BE FINAL, AND JUDGMENT ON IT MAY BE ENTERED IN ANY COURT HAVING JURISDICTION. THIS ARBITRATION AGREEMENT SHALL BE ENFORCED AND INTERPRETED EXCLUSIVELY IN ACCORDANCE WITH APPLICABLE FEDERAL LAW, INCLUDING THE FEDERAL ARBITRATION ACT.

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.

Please note that the Account Agreement contains a pre-dispute arbitration agreement on page 8, Section 16 of the Schwab Account Agreement.

IF THIS ACCOUNT HAS A MARGIN FEATURE, I ACKNOWLEDGE THAT, FOR SHORT SALE PURPOSES, CERTAIN OF MY SECURITIES MAY BE LENT TO SCHWAB AS PRINCIPAL OR LENT TO OTHERS.

I certify under penalty of perjury that, (1) the number shown on this BAA is the correct taxpayer identification number, and (2) that the Trust is not subject to back-up withholding either because I have not been notified that the Trust is subject to back-up withholding as a result of a failure to report all interest and dividends, or the Internal Revenue Service ("IRS") has notified me that the Trust is no longer subject to back-up withholding. (I understand that if the IRS has notified me that the Trust is subject to back-up withholding as a result of dividend or interest underreporting, and I have not received a notice from the IRS advising me that back-up withholding is terminated, I must cross out the incorrect information contained in (2) above.)

The Internal Revenue Service does not require your consent to any provision of this document other than the certification required to avoid back-up withholding.

Trustee's Signature Patricia M Beauvais Date Dec 17, 97

Co-Trustee's Signature *(if applicable)* _____ Date _____

Co-Trustee's Signature *(if applicable)* _____ Date _____

Co-Trustee's Signature *(if applicable)* _____ Date _____

All Trustees authorized to transact business in the Schwab Account must sign.

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Account Number ___ ___ - ___ ___ ___ ___ - ___ ___ ___ ___

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11. POWERS OF THE TRUSTEES

By signing the Certification contained in Section 12, the Trustees hereby certify that:

(a) Schwab is authorized to follow the instructions of any of the following Trustees and to deliver funds, securities or any other assets in the Brokerage Account to any Trustee or to any third party on any of the following Trustee's instructions, on the presumption that either (1) the Trust Agreement expressly provides that each Trustee is authorized to act individually, independently, and without consent of the other Trustees for all purposes related to the Trust Brokerage Account with Schwab, or (2) the Trust Agreement does not contain such an express provision, but the Trustee so acting has obtained the requisite consent of the other Trustees in accordance with the requirements of the Trust Agreement and applicable law.

Trustees in Account Registration

Name of Trustee Patricia M Beaurois

Name of Co-Trustee _____

Name of Co-Trustee _____

Name of Co-Trustee _____

(b) The Trust Agreement ☒ Does ☐ Does not grant the Trustee(s) the power to delegate to others (such as an Investment Manager) the authority to give trading instructions with respect to the Trust's Brokerage Account with Charles Schwab & Co., Inc.

(c) The Trustees have the power under the Trust Agreement to open this account and to enter into transactions for the purchase and sale of securities and other investments without restriction, including, without limitation, stocks (preferred or common), bonds, mutual funds, and certificates of deposit.

(d) The Trust Agreement also specifically authorizes the Trustees to do the following if "Yes" is checked below:

(I) To maintain a Margin and Short Account and through such account to purchase securities on margin, sell securities which the Trust does not own (i.e., short sales), and to borrow securities in connection therewith, to borrow money, to secure the performance of the Trust's obligations to the Accounts, and to grant authority to the brokerage firm, acting as principal or otherwise, to pledge, repledge, hypothecate or rehypothecate assets of the Trust.

☐ Yes ☒ No

(II) To trade in options, including, without limitation, the purchase of puts and calls and the writing (sale) of covered and uncovered puts and calls.

☐ Yes ☒ No

(Certain option trading activity will require a review of the entire Trust Agreement prior to approval.)

Certain requirements must be met to trade options through Schwab and a separate option application must be completed.

(over, please)

FOR CHARLES SCHWAB USE ONLY

Account Number ___ ___ - ___ ___ ___ ___ - ___ ___ ___ ___

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12. TRUSTEE CERTIFICATION, TRUST INDEMNITY, AND AGREEMENT

In consideration of Charles Schwab & Co., Inc. opening and/or maintaining a Brokerage Account for the Trust named above (the "Trust"), the undersigned Trustees of the Trust represent, warrant, and certify that the representations made in this Schwab Trust Brokerage Account Application and Agreement are true, complete, and accurate, that the Trust is in full force and effect, and that the Trust Agreement (as defined above) has not been revoked, modified or amended in any manner which would cause the representations contained in this Certification to be inaccurate or incorrect and that the Certification is being signed by all of the currently acting Trustees of the Trust.

If there is more than one Trustee, and no one Trustee has authority, acting individually and without notice to any other Trustee, to deal with Schwab independently, Schwab is authorized to follow the instructions of any of the Trustees listed in subsection (a) of Section 11 of this Account Application and to deliver funds, securities or other assets in the Brokerage Account to any Trustee or on any Trustee's instructions on the presumption that the Trustee so acting has obtained the requisite consent of the other Trustees in accordance with the Trust Agreement. It is the responsibility of the designated Trustee(s) to consult with all other Trustees before giving Schwab any instructions regarding the account. Schwab is not responsible for determining the purpose or propriety of any instructions received from any Trustee or for the disposition of payments or deliveries among Trustees. Any notice sent to one Trustee shall constitute notice to all Trustees.

Charles Schwab & Co., Inc. will rely on this Certification and upon the representations made herein unless and until it receives written notice of changed Trustee(s) or written notice of any events affecting the Trustee's powers described previously. The undersigned Trustees agree to send written notice promptly to Charles Schwab & Co., Inc. of any change in Trustees, of any amendment or modification to the Trust Agreement which would cause the representations contained in this Certification to be or become inaccurate or incorrect or of the occurrence of any event which would affect the Trust's revocability, the Trustee's powers or any representations made in this Certification.

The undersigned Trustees hereby jointly and severally indemnify Charles Schwab & Co., Inc. and each of its officers, directors, employees, and agents from, and hold such persons harmless against, any claims, judgments, surcharges, settlement amounts or other liabilities or costs of defense or settlement (including attorneys' fees) arising out of or related to any actual or alleged improper or unsuitable actions taken at such Trustee's instructions in connection with the Schwab Trust Brokerage Account established at Charles Schwab & Co., Inc. for the Trust. This indemnification is made by the undersigned Trustees both in their capacities as Trustees and in their individual capacities, and shall not be limited by the Trustees' provision to Charles Schwab & Co., Inc. of independent documentation concerning the representations made herein.

The representations and obligations stated herein shall survive termination of the Trust Agreement and the Account Agreement relating to the Trust's Brokerage Account.

If there is more than one Trustee, all Trustees must sign.

Name of Trustee PATRICIA M BEAUVAIS

Signature of Trustee Patricia M Beauvais Date Dec 17, 97

Name of Co-Trustee _____

Signature of Co-Trustee _____ Date _____

Name of Co-Trustee _____

Signature of Co-Trustee _____ Date _____

Name of Co-Trustee _____

Signature of Co-Trustee _____ Date _____

State of _____ County of _____

On this _____ day of _____, in the year 19_____,

before me, the undersigned, a notary public in and for said State,

personally appeared _____,

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to this instrument and acknowledged that _____ s/he _____ executed it.

_____
(Notary Public)

FOR CHARLES SCHWAB USE ONLY

Account Number ___ ___ - ___ ___ ___ ___ - ___ ___ ___ ___

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Schwab INSTITUTIONAL

SCHWAB TRUST BROKERAGE ACCOUNT APPLICATION

DEC 21 1997

Please print or type. All information must be completed to open your account.

Note: To be filled out by Investment Manager.

Investment Manager ("IM") Firm Name *(please print)* Diversified Financial

IM Master Account Number [redacted] - 1 8 0 6 ISG Team 6

Please indicate if you are *(select one)*:

☐ Opening a Schwab Trust Brokerage Account. *(Please complete all sections, as applicable.)*

☒ Converting an existing Brokerage Account to a Schwab Trust Brokerage Account. *(Please complete all sections, as applicable.)*

☐ Amending the Trustees or the Powers of the Trustees for an existing Schwab Trust Brokerage Account. *(Please complete all sections, as applicable, except Section 9.)*

Existing Schwab Trust Account Number ___ ___ ___ ___ - ___ ___ ___ ___

1. TYPE OF ACCOUNT

Please indicate the type of account you want *(select one)*: ☒ Schwab Trust Brokerage Cash Account Only
☐ Schwab Trust Brokerage Account with Margin Trading Feature

Please indicate the type of trust: ☐ Revocable Living Trust ☐ Irrevocable Living Trust
☐ Irrevocable Testamentary Trust ☒ Other *(please indicate)* Survivor's Trust

2. PLEASE SUPPLY THE FOLLOWING INFORMATION

Trust Name The C + P Beauvais Survivor's Trust Date of Trust 11-1-97

Trust Tax I.D. Number or Social Security Number [redacted] Trust governed by laws of the State of Arizona

Please list all trust beneficiaries.

Trust Beneficiary _____

Additional Trust Beneficiary _____

Additional Trust Beneficiary _____

If the trust beneficiaries are to be listed in the account registration, please check this box: ☐

Has the original Trust Agreement been amended or restated? ☐ Yes ☒ No

If yes, fill in the following:

Date(s) of amendment(s) _____ Date(s) of restatement(_____

Trustee

Trustee Name Patricia M. Beauvais
(☐ Mr. ☐ Mrs. ☐ Miss ☐ Ms. ☐ Dr. ☐ Other_____)

Social Security Number [redacted] Birth Date [redacted]

Country of Citizenship US Country of Legal Residence US

From C. Charles Beauvais he's passed away. We are transferring the original trust into two separate trusts. We will send a letter with the specific instructions, but please set up two new accounts and change the IRA Rules.

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Account Number ___ ___ - ___ ___ ___ ___ - ___ ___ ___ ___

Approved by _____ Print Name of Approver _____

Source Code _____ Date Approved _____

EXHIBIT S-29c ADMITTED

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SECTION 2 *(continued)*

Home Street Address *(P.O. Box not sufficient)* [redacted]

City [redacted] State [illegible] Zip [redacted]

Home Phone [redacted]

Occupation *(If self employed, indicate nature of business.)* Retired

Employer Name _____

Employer Street Address *(P.O. Box not sufficient)* _____

City _____ State _____ Zip _____

Business Phone _____

Specify any publicly traded company of which you are a director, 10% shareholder or policy-making officer:

Company Name _____

Specify any securities firm with which you are affiliated:

Company Name _____

Where would you like us to send mail? This will be the Address of Record. ☒ Home ☐ Business ☐ P.O. Box *(complete the section below)*

P.O. Box Number _____ City, State, Zip _____

3. CO-TRUSTEE

Co-Trustee Name _____
(☐ Mr. ☐ Mrs. ☐ Miss ☐ Ms. ☐ Dr. ☐ Other_____)

Social Security Number _____ Birth Date _____

Country of Citizenship _____ Country of Legal Residence _____

Home Street Address *(P.O. Box not sufficient)* _____

City _____ State _____ Zip _____

Home Phone _____

Occupation *(If self employed, indicate nature of business.)* _____

Employer Name _____ Business Phone _____

Employer Street Address *(P.O. Box not sufficient)* _____

City _____ State _____ Zip _____

Specify any publicly traded company of which you are a director, 10% shareholder or policy-making officer:

Company Name _____

Specify any securities firm with which you are affiliated:

Company Name _____

Please note:

Please collect and attach this information for each additional trustee: (1) The name, Social Security number, occupation, and the employer's name and address of any other Trustees signing Section 10 of this Schwab Trust Brokerage Account Application; and (2) please identify any Trustee who is affiliated with any securities firm or who is a director, 10% shareholder or policy-making officer of any publicly traded company, and please name the company.

(over, please)

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4. ACCOUNT HANDLING INSTRUCTIONS

For your convenience, Schwab will automatically hold all of your securities purchased, all sale proceeds, dividends, and interest. If you do not want your account handled in this manner, we will follow your special handling instructions indicated below. All mail will be sent to the Address of Record specified in Section 2. (Please check any boxes that apply.)

- ☐ Mail certificates. (A small handling fee applies.)
- ☐ Mail all dividends/interest at the end of the month.
- ☐ Mail proceeds on settlement date. (Not available if you select a Schwab Money Market Fund.)
- ☐ Mail all dividends/interest as they are paid.

5. COMPLETE THIS SECTION TO EARN DAILY INCOME ON THE CASH BALANCES IN YOUR ACCOUNT

You may have the cash balance in your Schwab Account swept daily into a Schwab Money Fund of your choice and earn daily income. There is a $1,000 minimum opening investment for a Schwab Money Fund. To obtain a prospectus and Money Fund Agreement, please check one of the boxes below. This is an indication of interest only. You are not obligated to buy shares of any Schwab Money Fund. Please read the prospectus carefully for any Schwab Money Fund in which you are interested before you invest. If no box is checked, we will invest your funds in the Schwab Money Market Fund. Select **one of the funds below.**

- ☐ Schwab Money Market Fund
- ☒ Schwab U.S. Treasury Money Fund
- ☐ Schwab Govt. Securities Fund
- ☐ Schwab Tax-Exempt Money Fund–Sweep Shares
- ☐ Schwab California Tax-Exempt Money Fund–Sweep Shares *(for California taxpayers only)*
- ☐ Schwab New York Tax-Exempt Money Fund–Sweep Shares *(for New York taxpayers only)*
- ☐ Florida Municipal Cash Trust *(for Florida taxpayers only)*
- ☐ I do not wish to invest in a Schwab Money Fund.

If you wish to fund your Schwab Money Fund at this time, please enclose a check for your initial deposit. Make check payable to Charles Schwab & Co., Inc.

Amount of your initial deposit _____

6. REORGANIZATION LETTER AND MATERIALS MAILING PREFERENCES

Please select one of the following:
Note: Materials are any documents the Issuer wishes to include in the mailing.

- ☒ Investment Manager receives an information-only letter and the materials.
  Account Holder performs the action, receives the Response Coupon and the materials.
- ☐ Investment Manager performs the action, receives the Response Coupon and the materials.
  Account Holder receives an information-only letter and the materials.
- ☐ Investment Manager performs the action, receives the Response Coupon and the materials.
  Account Holder does not receive anything related to the Reorganization.
- ☐ Investment Manager does not receive anything related to the Reorganization.
  Account Holder performs the action, receives the Response Coupon and the materials.

7. INTERIM MAILING PREFERENCES

Please select one of the following:
Note: Interim mailings include annual reports, semi-annual reports, quarterly reports, and prospectuses that are subsequent to the initial purchase mailing.

- ☐ Both Investment Manager and Account Holder receive the Interim mailings.
- ☒ Investment Manager receives the Interim mailings; Account Holder does **not** receive the Interim mailings.
- ☐ Investment Manager **does not** receive the Interim mailings; Account Holder receives the Interim mailings.

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Account Number ___ ___ - ___ ___ ___ ___ - ___ ___ ___ ___

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8. AUTHORIZATIONS

Please note: If more than one Trustee is listed on the account registration, EACH Trustee must initial the authorizations granted below. Any of these authorizations may be revoked by providing written authorization to Schwab.

PMB Trustee ____ Co-Trustee ____ Co-Trustee ____ Co-Trustee

Trading Authorization. I authorize IM to direct Schwab to execute trades in the account as provided under the Trading Authorization in the Trust Brokerage Agreement on the following page.

PMB Trustee ____ Co-Trustee ____ Co-Trustee ____ Co-Trustee

Disbursement Authorization. I authorize IM to direct disbursal of funds for investment purposes or to me directly as trustee. I authorize Schwab to remit checks, wire funds, and otherwise to make disbursements of funds held in the Account, 1) to banks, broker-dealers, investment companies or other financial institutions to an account of identical registration, or 2) to the Address of Record. **(Note: This option is only effective if IM is authorized to direct Schwab to execute trades.)**

PMB Trustee ____ Co-Trustee ____ Co-Trustee ____ Co-Trustee

Fee Payment Authorization. I authorize Schwab to pay management fees to IM from the account as directed by IM and as authorized in the client agreement between client and IM. Schwab may redeem money market fund shares in the account to the extent necessary to pay such fees. Schwab may rely on the invoices submitted by IM, and will have no responsibility to verify fees so invoiced.

____ Trustee ____ Co-Trustee ____ Co-Trustee ____ Co-Trustee

Asset-Based Pricing Authorization. If Schwab fees will be asset-based, I have received, read, and agreed to the terms indicated in the Asset-Based Pricing Agreement.

PMB Trustee ____ Co-Trustee ____ Co-Trustee ____ Co-Trustee

Release of Information Authorization. I authorize Schwab to send duplicate copies of the trade confirmations and account statements to IM via mail and/or via SchwabLink.

PMB Trustee ____ Co-Trustee ____ Co-Trustee ____ Co-Trustee

Release of Name Authorization. I authorize Schwab to disclose the Trust's name upon request to companies whose securities are held in my account.

9. INFORMATION FOR CONVERTING AN EXISTING SCHWAB ACCOUNT

Please complete this section if you currently have a Schwab Account and would like to reregister those assets into your Schwab Trust Brokerage Account. (Note: IRA, Keogh, and 403(b)(7) accounts may not be converted to a Schwab Trust Brokerage Account.)

Account Number [redacted] - 7 2 2 4

☐ **If the Social Security/Tax I.D. number remains the same,** check here and we will convert your account to a Schwab Trust Brokerage Account and you may keep the same account number.

☐ **If the Social Security/Tax I.D. number on your existing account is different from that of your trust,** but you would like to transfer all of your assets from your existing Schwab Account to your new Schwab Trust Brokerage Account, please sign below. (All account holders on the account from which you are transferring must sign this section.)

I understand that my existing account (indicated above) will be closed.

Trustee's Signature Patricia M. Beauvais Date Dec 17, 97

Co-Trustee's Signature ____ Date ____

Co-Trustee's Signature ____ Date ____

Co-Trustee's Signature ____ Date ____

(over, please)

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Account Number ___ ___ - ___ ___ ___ ___ - ___ ___ ___ ___

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10. PLEASE READ AND SIGN THIS SCHWAB TRUST BROKERAGE ACCOUNT AGREEMENT

This agreement is only effective upon Schwab's acceptance and approval of this application. The words "I," "me," and "Account Holder" refer to the Trustee(s).

I ask Charles Schwab & Co., Inc. ("Schwab") to open a Brokerage Account (the "Account") on behalf of the Trust listed on this Schwab Trust Brokerage Account Application ("BAA"). I am of legal age. I agree to read and be bound by the terms of this BAA and the Schwab Brokerage Account Agreement booklet ("Account Agreement"), all as currently in effect and as periodically amended. I will notify Schwab if I do not receive the Account Agreement. This Agreement will be effective upon its acceptance by Charles Schwab & Co., Inc.

Trading Authorization. If I have indicated on this BAA that Investment Manager ("IM") will have the authority to direct Schwab to execute trades in the account, I authorize IM to be my agent and attorney-in-fact, and as such to give instructions to Schwab regarding the account, and to take all other actions necessary or incidental to the execution of such instructions. If the account has a margin feature, IM is authorized to direct Schwab to trade on margin, to sell short, to borrow securities, to otherwise cause credit to be extended through the Account, and to secure the performance of obligations in the Account with any assets held in the Account (the "Account Assets"). If the account is authorized for option trading, IM is authorized to direct Schwab to purchase and sell (write) index participation contracts and covered and uncovered option contracts on securities and securities-related indexes. Schwab, and other people Schwab has given instructions to in order to implement the IM's instructions, may rely on IM's instructions without obtaining my approval, counter-signature or co-signature. IM's authority will include, without limitation: the authority to give instructions for transactions in securities and financial instruments, including the buying and selling of stocks, bonds, debentures, notes, subscription warrants, stock purchase warrants, covered options (if I have authorized trading covered options), mutual fund shares, evidences of indebtedness, and any other securities, instruments of contracts relating to securities; and for purchases, sales, and, where necessary to complete any transaction, the authority to transfer, convert, endorse, sell, assign, set over, and deliver any Account Assets and to make, execute, and deliver any and all written instruments of assignment and transfer. I further authorize Schwab, acting upon IM's instructions, to aggregate transaction orders for the account with orders for one or more other accounts over which IM has investment discretion or to accept or deliver assets in transactions executed by other broker-dealers where IM has so aggregated orders. I agree that if any such aggregated order is executed in more than one transaction, my portion of such order may be deemed to have been executed at the weighted average of the prices at which all of such transactions were executed.

Role of Charles Schwab & Co., Inc. I acknowledge and agree that: Schwab will merely carry out transactions as directed by me and/or IM as the case may be; Schwab will not give investment advice to me or to IM; I (and not Schwab) am responsible for investigating and selecting IM; IM is not affiliated with or controlled or employed by Schwab; Schwab has no duty to supervise or monitor trading by me or by IM in the account. Schwab will send me written confirmations of my trades executed through Schwab and monthly statements of all activity in the account. If any of IM's employees is associated with a member of the NASD, NYSE or affiliate, Schwab is authorized to deliver information concerning the account to such member upon request.

Termination of Authorizations. The authorizations in this BAA will remain effective until I have revoked any of them by giving written notice to Schwab. Such revocation will not affect my obligation resulting from transactions initiated prior to receipt of such written notice.

Indemnification. I agree to indemnify and hold harmless Schwab, its affiliates, and their directors, officers, employees, and agents from and against all claims, actions, costs, and liabilities, including attorney's fees arising out of or relating to: (1) their reliance on this BAA, and (2) Schwab's execution of IM's instructions.

Transfer Agent. I agree that any transfer agent or third party receiving a copy of this BAA may act according to its terms and agree to indemnify and hold harmless any such transfer agent or third party from all claims arising from such reliance. Any transfer agent or third party's right to act hereunder shall remain in effect until such transfer agent or third party is informed of its revocation or termination.

Telephone Monitoring. I understand that Charles Schwab & Co., Inc. may tape-record my telephone conversations in order to verify data regarding my transactions.

Successors and Heirs. This Agreement supplements and in no way limits or restricts rights which Schwab may have under any other agreement with me. This Agreement will bind my heirs, executors, administrators, successors, and assigns, and will benefit Schwab's successors and assigns.

ARBITRATION AGREEMENT. REGULATORY AUTHORITIES REQUIRE THAT ANY BROKERAGE AGREEMENT CONTAINING A PRE-DISPUTE ARBITRATION AGREEMENT MUST DISCLOSE THE FOLLOWING:

- ARBITRATION IS FINAL AND BINDING ON THE PARTIES.
- THE PARTIES ARE WAIVING THEIR RIGHT TO SEEK REMEDIES IN COURT, INCLUDING THE RIGHT TO JURY TRIAL.
- PRE-ARBITRATION DISCOVERY IS GENERALLY MORE LIMITED THAN AND DIFFERENT FROM COURT PROCEEDINGS.
- THE ARBITRATOR'S AWARD IS NOT REQUIRED TO INCLUDE FACTUAL FINDINGS OR LEGAL REASONING AND ANY PARTY'S RIGHT TO APPEAL OR TO SEEK MODIFICATION OF RULINGS BY THE ARBITRATORS IS STRICTLY LIMITED.
- THE PANEL OF ARBITRATORS WILL TYPICALLY INCLUDE A MINORITY OF ARBITRATORS WHO WERE OR ARE AFFILIATED WITH THE SECURITIES INDUSTRY.

I AGREE TO SETTLE BY ARBITRATION ANY CONTROVERSY BETWEEN MYSELF AND SCHWAB OR ANY OF SCHWAB'S OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS, RELATING TO THE ACCOUNT AGREEMENT, ANY ACCOUNT TRANSACTION, OR IN ANY WAY ARISING OUT OF MY RELATIONSHIP TO SCHWAB OR IM. SUCH ARBITRATION WILL BE CONDUCTED ACCORDING TO THE SECURITIES ARBITRATION RULES THEN IN EFFECT OF THE AMERICAN ARBITRATION ASSOCIATION (APPLYING ITS SECURITIES ARBITRATION RULES), THE NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC., OR ANY REGISTERED NATIONAL SECURITIES EXCHANGE. ARBITRATION MAY BE INITIATED BY SERVING OR MAILING A WRITTEN NOTICE. THE NOTICE MUST SPECIFY WHICH FORUM WILL HEAR THE ARBITRATION. THIS SPECIFICATION WILL BE BINDING ON ALL PARTIES. ANY AWARD THE ARBITRATOR MAKES WILL BE FINAL, AND JUDGMENT ON IT MAY BE ENTERED IN ANY COURT HAVING JURISDICTION. THIS ARBITRATION AGREEMENT SHALL BE ENFORCED AND INTERPRETED EXCLUSIVELY IN ACCORDANCE WITH APPLICABLE FEDERAL LAW, INCLUDING THE FEDERAL ARBITRATION ACT.

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.

Please note that the Account Agreement contains a pre-dispute arbitration agreement on page 8, Section 16 of the Schwab Account Agreement.

IF THIS ACCOUNT HAS A MARGIN FEATURE, I ACKNOWLEDGE THAT, FOR SHORT SALE PURPOSES, CERTAIN OF MY SECURITIES MAY BE LENT TO SCHWAB AS PRINCIPAL OR LENT TO OTHERS.

I certify under penalty of perjury that, (1) the number shown on this BAA is the correct taxpayer identification number, and (2) that the Trust is not subject to back-up withholding either because I have not been notified that the Trust is subject to back-up withholding as a result of a failure to report all interest and dividends, or the Internal Revenue Service ("IRS") has notified me that the Trust is no longer subject to back-up withholding. (I understand that if the IRS has notified me that the Trust is subject to back-up withholding as a result of dividend or interest underreporting, and I have not received a notice from the IRS advising me that back-up withholding is terminated, I must cross out the incorrect information contained in (2) above.)

The Internal Revenue Service does not require your consent to any provision of this document other than the certification required to avoid back-up withholding.

Trustee's Signature Patricia M. Beauvais Date Dec 17, 97

Co-Trustee's Signature *(if applicable)* _____ Date _____

Co-Trustee's Signature *(if applicable)* _____ Date _____

Co-Trustee's Signature *(if applicable)* _____ Date _____

All Trustees authorized to transact business in the Schwab Account must sign.

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Account Number ___ ___ - ___ ___ ___ ___ - ___ ___ ___ ___

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11. POWERS OF THE TRUSTEES

By signing the Certification contained in Section 12, the Trustees hereby certify that:

(a) Schwab is authorized to follow the instructions of any of the following Trustees and to deliver funds, securities or any other assets in the Brokerage Account to any Trustee or to any third party on any of the following Trustee's instructions, on the presumption that either (1) the Trust Agreement expressly provides that each Trustee is authorized to act individually, independently, and without consent of the other Trustees for all purposes related to the Trust Brokerage Account with Schwab, or (2) the Trust Agreement does not contain such an express provision, but the Trustee so acting has obtained the requisite consent of the other Trustees in accordance with the requirements of the Trust Agreement and applicable law.

Trustees in Account Registration

Name of Trustee Patricia M. Beauvais

Name of Co-Trustee _____

Name of Co-Trustee _____

Name of Co-Trustee _____

(b) The Trust Agreement ☒ Does ☐ Does not grant the Trustee(s) the power to delegate to others (such as an Investment Manager) the authority to give trading instructions with respect to the Trust's Brokerage Account with Charles Schwab & Co., Inc.

(c) The Trustees have the power under the Trust Agreement to open this account and to enter into transactions for the purchase and sale of securities and other investments without restriction, including, without limitation, stocks (preferred or common), bonds, mutual funds, and certificates of deposit.

(d) The Trust Agreement also specifically authorizes the Trustees to do the following if "Yes" is checked below:

(I) To maintain a Margin and Short Account and through such account to purchase securities on margin, sell securities which the Trust does not own (i.e., short sales), and to borrow securities in connection therewith, to borrow money, to secure the performance of the Trust's obligations to the Accounts, and to grant authority to the brokerage firm, acting as principal or otherwise, to pledge, repledge, hypothecate or rehypothecate assets of the Trust.

☐ Yes ☒ No

(II) To trade in options, including, without limitation, the purchase of puts and calls and the writing (sale) of covered and uncovered puts and calls.

☐ Yes ☒ No

(Certain option trading activity will require a review of the entire Trust Agreement prior to approval.)

Certain requirements must be met to trade options through Schwab and a separate option application must be completed.

(over, please)

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Account Number ___ ___ - ___ ___ ___ ___ - ___ ___ ___ ___

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12. TRUSTEE CERTIFICATION, TRUST INDEMNITY, AND AGREEMENT

In consideration of Charles Schwab & Co., Inc. opening and/or maintaining a Brokerage Account for the Trust named above (the "Trust"), the undersigned Trustees of the Trust represent, warrant, and certify that the representations made in this Schwab Trust Brokerage Account Application and Agreement are true, complete, and accurate, that the Trust is in full force and effect, and that the Trust Agreement (as defined above) has not been revoked, modified or amended in any manner which would cause the representations contained in this Certification to be inaccurate or incorrect and that the Certification is being signed by all of the currently acting Trustees of the Trust.

If there is more than one Trustee, and no one Trustee has authority, acting individually and without notice to any other Trustee, to deal with Schwab independently, Schwab is authorized to follow the instructions of any of the Trustees listed in subsection (a) of Section 11 of this Account Application and to deliver funds, securities or other assets in the Brokerage Account to any Trustee or on any Trustee's instructions on the presumption that the Trustee so acting has obtained the requisite consent of the other Trustees in accordance with the Trust Agreement. It is the responsibility of the designated Trustee(s) to consult with all other Trustees before giving Schwab any instructions regarding the account. Schwab is not responsible for determining the purpose or propriety of any instructions received from any Trustee or for the disposition of payments or deliveries among Trustees. Any notice sent to one Trustee shall constitute notice to all Trustees.

Charles Schwab & Co., Inc. will rely on this Certification and upon the representations made herein unless and until it receives written notice of changed Trustee(s) or written notice of any events affecting the Trustee's powers described previously. The undersigned Trustees agree to send written notice promptly to Charles Schwab & Co., Inc. of any change in Trustees, of any amendment or modification to the Trust Agreement which would cause the representations contained in this Certification to be or become inaccurate or incorrect or of the occurrence of any event which would affect the Trust's revocability, the Trustee's powers or any representations made in this Certification.

The undersigned Trustees hereby jointly and severally indemnify Charles Schwab & Co., Inc. and each of its officers, directors, employees, and agents from, and hold such persons harmless against, any claims, judgments, surcharges, settlement amounts or other liabilities or costs of defense or settlement (including attorneys' fees) arising out of or related to any actual or alleged improper or unsuitable actions taken at such Trustee's instructions in connection with the Schwab Trust Brokerage Account established at Charles Schwab & Co., Inc. for the Trust. This indemnification is made by the undersigned Trustees both in their capacities as Trustees and in their individual capacities, and shall not be limited by the Trustees' provision to Charles Schwab & Co., Inc. of independent documentation concerning the representations made herein.

The representations and obligations stated herein shall survive termination of the Trust Agreement and the Account Agreement relating to the Trust's Brokerage Account.

If there is more than one Trustee, all Trustees must sign.

Name of Trustee PATRICIA M. BEAUVAIS

Signature of Trustee Patricia M. Beauvais Date Dec 17, 97

Name of Co-Trustee _____

Signature of Co-Trustee _____ Date _____

Name of Co-Trustee _____

Signature of Co-Trustee _____ Date _____

Name of Co-Trustee _____

Signature of Co-Trustee _____ Date _____

State of _____ County of _____

On this _____ day of _____, in the year 19_____,

before me, the undersigned, a notary public in and for said State,

personally appeared _____,

personally known to me (or proved to me on the basis of satisfactory

evidence) to be the person(s) whose name(s) is/are subscribed to this

instrument and acknowledged that _____ s/he _____

executed it.

_____

(Notary Public)

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Account Number ___ ___ - ___ ___ ___ ___ - ___ ___ ___ ___

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