AZ CORP
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Transcript Exhibit(s)

Docket #(s): S-20898A-13-0395

Part 2 of 3

For Part 1 see barcode 0000153296

For Part 3 see barcode 0000153298

Arizona Corporation Commission
DOCKETED
MAY 08 2014
DOCKETED BY

Exhibit #: S21a, S21b, S21c, S22 through S26

SILVER LAW GROUP | www.silverlaw.com

11780 W. Sample Road
Coral Springs, FL 33065
Tel: (954) 755-4799
Fax: (954) 755-4684

August 27, 2013

#7

VIA E-MAIL AND U.S. MAIL

Michele D. Collins
FINRA Dispute Resolution
300 South Grand Avenue, Suite 900
Los Angeles, CA 90071

Re: Gary Chilcoat v. Ameritas Investment Corp.
FINRA Case No. 12-01379

Dear Ms. Collins:

Please be advised that the above referenced case has settled and Claimant hereby dismisses his claims with prejudice against Respondent Michael Blake.[1] Therefore, please close your file and refund directly to me any monies owed to the Claimant.

If you have any questions, please contact me.

Truly yours,

Scott L. Silver

SLS/rf
cc: David M. Williams, Esq. (via e-mail only)
Roger W. Hall, Esq. (via e-mail only)

EXHIBIT
tabbies
S-21a
ADMITTED

[1] Claimant dismissed his claims against Ameritas Investment Corp. on December 28, 2012.

Jeffrey MINKER LLC
860 W. Ina Rd.
Tucson, Arizona 85704
(520) 797-7800

CASE NAME: Chilcoat v Andrus & Black

TERMS OF SETTLEMENT

The parties having attended a mediation/settlement conference this date, and the matter having settled, pursuant to Rule 80(d), the following terms are agreed upon, including attorney fees and costs:

1. Defendant will pay Plaintiff the sum of $ 75,000.00 as full and final settlement of this matter as follows

2. Each side to bear their own attorneys' fees and court costs.

amounts #15,000 within 3 weeks. Black will pay $5,000 on or before February 5, 2013, $25,000 on or before May 6, 2013 & $30,000 on or before August 5, 2013

The parties shall provide a settlement agreement and/or releases as required and agreed between them. By signing this document, the parties agree to be bound by the terms set forth herein, and further agree that they shall inform the Court that the matter has settled and that a Stipulation and Order of Dismissal With Prejudice shall be forthcoming.

DATED this 20th day of November, 2012.

Gary Chilcoat
Plaintiff

Defendant

Sara J Andrus
Plaintiff - AIC SVP

Defendant (Attorney) AIC

Attorney for Plaintiff

Attorney for Defendant

BuchalterNemer
A Professional Law Corporation

16435 North Scottsdale Road, Suite 440 Scottsdale, Arizona 85254-1754
Telephone (480) 383-1800 / Fax (480) 824-9400

Direct Dial Number: (480) 383-1845
Direct Facsimile Number: (480) 383-1602
E-Mail Address: *rhall@buchalter.com*

November 12, 2012

RECEIVED
NOV 13 2012
FINRA DIST # 3A

Via FedEx and E-mail

CONFIDENTIAL

Ms. Susan Byford
FINRA
4600 S. Syracuse St, Suite 1400
Denver, CO 80237-2719

Re: Examination # 20100217105 and 20120331211;
Ameritas Investment Corp./Michael Blake
Response to Request for Information from Michael Blake

Dear Ms. Byford:

The following will constitute Mr. Blake's response to your letter October 15, 2012.

1. Mr. Blake has no recollection of or information to support Mr. Chilcoat's claim that Mr. Blake participated in Mr. Chilcoat's purchase of a $430,000 promissory note issued by Office Condominiums of Elgin, LLC. This transaction did not come through Ameritas Investment Corp; Longest Drive, LLC; any other entity associated with Mr. Blake; or Mr. Blake personally.

In preparation for mediation between Mr. Blake, Mr. Chilcoat, and Ameritas on November 20, 2012, the parties agreed to engage in informal discovery. In response to informal discovery requests posed by Mr. Blake, Mr. Chilcoat provided documentation which he alleges supports his claim. Those documents, however, do not support that claim.

It appears from the documentation that Mr. Chilcoat had a retirement account at Morgan Stanley. That account had a financial adviser listed, but the individual listed is not Michael Blake.

It further appears from the documentation that $430,321.52 went into the Morgan Stanley account in January 2007. It is not entirely clear from the documents provided that those funds were a distribution from the estate of Mr. Chilcoat's deceased father, but there is some tangential information to support that allegation.

The documentation also shows that in March 2007, the Morgan Stanley account was liquidated and moved to the Entrust Group. Also in March 2007, there is a Buy Direction letter from Mr. Chilcoat to Entrust directing that $430,000 be lent/paid to Grace Communities/Office Condominiums of Elgin, LLC. There is also a promissory note from Office Condominiums of Elgin, LLC back to Entrust, as well as a guaranty, in favor of Entrust, of the promissory note by Donald Zelznak and Jonathan Vento.

Notably, Mr. Blake's name, address, or any other information regarding him, Olympus Financial Advisors, or Longest Drive does not appear on any of that documentation.

2. Mr. Blake did not participate in Mr. Chilcoat's transactions with Grace Communities/Office Condominiums of Elgin, LLC. Accordingly, there was nothing to disclose to FINRA.

3. Mr. Blake was not involved with Office Condominiums of Elgin, LLC. There was therefore nothing to disclose to Ameritas. Indeed, Mr. Blake was not even aware of this project until May 2008, more than a year after Mr. Chilcoat invested in it.

4. Since Mr. Blake did not participate in Office Condominiums of Elgin, LLC, he never sought approval from Ameritas for such participation.

5. Neither Mr. Blake nor any entities associated with him participated in any manner in the purchase of promissory notes issued by Office Condominiums of Elgin, LLC.

6. To the best of Mr. Blake's knowledge, and his review of his records, he has already disclosed to FINRA any and all real estate projects that he participated in through Longest Drive, LLC.

7. To the best of Mr. Blake's knowledge, and his review of records, he has identified any and all ownership interests in or referrals made during the last seven years.

8. Mr. Blake has been unable to locate a letter dated June 1, 2010, wherein he states that "he did not consider the investments in Burr Ridge to be securities based on advice of counsel." October 15, 2012 letter to this officer from FINRA. And Mr. Blake has no recollection of making such a statement. Indeed, his position now is the same as his position on January 19, 2012, which is that he never attempted to determine if the Burr Ridge investments were securities because he had no reason to believe that they were.

If FINRA could please provide a copy of the June 1, 2010 letter being referenced, that might help Mr. Blake refresh his recollection and be able to assist him in answering items 8 through 14.

9. Please see response to no. 8, above.

10. Please see response no. 8, above.

11. Please see response no. 8, above.

12. Please see response no. 8, above.

13. Please see response no. 8, above.

14. Please see response no. 8, above.

15. Attached/enclosed is the Subscription and Counterpart Signature Page for Membership Interests-Burr Ridge Office Investors, LLC ("Subscription Agreement"). That document was prepared by Grace Communities. Longest Drive was approved as an Outside Business activity by all three of Mr. Blake's brokers/dealers: AXA, Carillion Investments, and Ameritas. None of them ever raised a red flag or otherwise indicated that the activities of Longest Drive would in any way constitute the sale of securities.

Mr. Blake's position is that had Carillon thought the Subscription Agreement constituted trade in securities, that it would have alerted him to that fact.

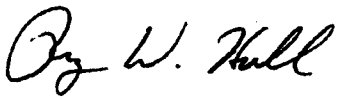
Moreover, the Subscription Agreement itself, in the second paragraph, states that Burr Ridge Office Investors, LLC, through its principals Donald Zelznak and Jonathan Vento, informed Mr. Blake of the following: "the Interests [in Burr Ridge] will not [sic] be registered pursuant to the Securities Act of 1933, as amended (the 'Act'), or under Arizona or any other state's securities laws based upon your [Burr Ridge's] belief that the Interests are not 'securities' as defined under the Act, or even if so defined, the sale to me [Longest Drive] qualified for an exemption from the registration requirements of said federal and state securities laws."

Thus, based on the warranties of Burr Ridge Office Investors, LLC and its principals, Mr. Blake had no reason to believe that those investments constituted securities. Mr. Blake further believed that to be true because he was only offering an opportunity to invest in Burr Ridge to friends and family members, because all profits and losses were split proportionately, because Mr. Blake did not receive any favorable terms or compensation for assisting with the Burr Ridge transactions.

16. Please see enclosed verification of Mr. Blake.

Sincerely,

BUCHALTER NEMER
A Professional Corporation

By 

Roger W. Hall

RWH:jkg
Enclosures
cc: Mr. Michael Blake *(via e-mail only, w/enclosures)*

ATTESTATION OF MICHAEL BLAKE

I, Michael Blake, hereby attest and affirm that the information and documentation sent in response to FINRA's Request for Information from Michael Blake dated October 15, 2012 is full and accurate to the best of my knowledge.

Dated this 11 day of November, 2012.

Michael Blake

FINRA

FILE COPY

Financial Industry Regulatory Authority

Via First Class and Facsimile (480) 824-9400

CONFIDENTIAL

October 15, 2012

Mr. Roger W. Hall
Buchalter Nemer
16435 North Scottsdale, RD, Suite 440
Scottsdale, AZ 85254

RE: Examination # 20100217105 and 20120331211
Ameritas Investment Corp. / Michael Blake
Request for information from Michael Blake

Dear Mr. Hall:

This request is being sent pursuant to Procedural Rule 8210, requesting information and documentation from Mr. Blake. It is our understanding that you will represent Mr. Blake in connection with this matter. Please let us know if this is incorrect Please provide the following documents and information to me at 4600 S. Syracuse Street., Suite 1400, Denver, CO 80237-2719 no later than **October 29, 2012**:

1. Mr. Gary Chilcoat filed a statement of claim (SOC) alleging that on or about March 9, 2007, Mr. Blake participated in Mr. Chilcoat's purchase of a $430,000 promissory note issued by Office Condominiums of Elgin, LLC. Please provide a written statement responding to Mr. Chilcoat's allegation. The statement should include but is not limited to, a detailed description of Mr. Blake's role in his purchase.

2. A written response indicating why Mr. Blake's involvement with Mr. Chilcoat and Office Condominiums of Elgin, LLC was not previously disclosed to FINRA staff.

3. A written response indicating whether Mr. Blake's involvement with Office Condominiums of Elgin, LLC was disclosed to Ameritas. If not, please explain. If Mr. Blake disclosed his involvement, provide the following information and documentation:
   a. Whom did Mr. Blake tell – by name, title, address and phone number;
   b. When did each discussion take place, or if by writing, what was/were the date(s) of the written communication(s);
   c. Specifically, what Mr. Blake told each person with whom he discussed his involvement;
   d. A comprehensive description of each conversation regarding the disclosure, including what was said about the business opportunity; the extent of Mr. Blake's involvement; and any compensation he had

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received, or were expected to receive;
e. If any of Mr. Blake's communication with Ameritas or anyone on its behalf, included written materials, including attachments, please produce such materials and attachments; and
f. Notes and emails pertaining to any meetings and/or conversations.
Include all relevant documentation for each part of this question.

4. Did Ameritas or anyone on its behalf, grant Mr. Blake permission to participate in Condominiums of Elgin, LLC? **If so**, provide the following:
   a. If the approval was oral, please describe in detail, the date, nature and extent of such discussions, including the participants to such discussion and the extent of such approval; and,
   b. If the approval was in writing, please produce all documents concerning such approval.

5. If Mr. Blake participated, in any manner, in the purchase of promissory note(s) issued by Office Condominiums of Elgin, LLC, by any individuals and/or businesses, identify such individuals and/or businesses.. For each identified individual or business provide:
   a. The name, address and telephone number for each individual or business that Mr. Blake participated in the offer and/or sale of any product to;
   b. Whether the investor or customer was a customer of Ameritas at the time of the transaction;
   c. A description of the product each customer purchased;
   d. All documents relating to the transaction(s);
   e. The date of the transaction(s);
   f. The amount of the transaction(s);
   g. A comprehensive description of Mr. Blake's participation in the sale of the product(s) (e.g. did he recommend the transaction, send in the purchase amount, provide updates); and
   h. The compensation Mr. Blake received, or expected to receive, as a result of his involvement in the transaction(s).

6. A written statement confirming that Mr. Blake has now identified any and all real estate projects he participated in through Longest Drive or otherwise, including but not limited to all Grace Communities investments.

7. A written statement confirming that Mr. Blake has identified any and all businesses which he was affiliated, had an ownership interest in or made referrals to during the last seven years.

In a letter dated June 1, 2010, provided to FINRA, Mr. Blake indicated that he did not consider the investments in Burr Ridge to be securities based on advice of counsel. Please provide the following documents and information relating to this statement.

8. Provide all written materials provided to counsel and/or describe all statements made to counsel as a predicate for receiving legal advice on the issue of whether funds sent to the Longest Drive for investment in Grace Properties were considered securities, including but not limited to Burr Ridge.

9. When did Mr. Blake receive such legal advice?

10. From whom did Mr. Blake receive such legal advice?

11. What was the substance of the legal advice (e.g. what advice did Mr. Blake receive)?

12. What was the form of the advice (written or oral)? If it was written, please provide a copy of the written advice or opinions.

13. Was anyone else was aware of the legal advice? If so, please advise who was aware of it and how they became aware.

14. In the testimony Mr. Blake provided to FINRA on January 19, 2012, he stated that he never considered or attempted to determine if the Burr Ridge investments were securities (p. 79-82). Please explain the discrepancy between Mr. Blake's earlier written response and the answer he gave during his investigative testimony.

15. Any and all other data, documents and/or information Mr. Blake would want this office to review with respect to this matter.

16. **Please also provide a signed attestation from Mr. Blake indicating that the information and documentation sent in response to the staff's request has been verified and represents a full and accurate response to the staff's request.**

In responding to this request please note the following:

- Electronic communications must be produced in their entirety in their native, electronic format including attachments, Internet headers, and/or other metadata, on CD-ROM, DVD, or other electronic storage media. Facsimile reproductions such as TIFF, JPG, or other image files, PDF files, or productions that require proprietary software or viewers, including Concordance or Summation, are not acceptable.

Please provide a separate file or series of files for each individual (custodian) and/or system produced and include an index clearly indicating the custodian, all email accounts or aliases used or potentially used by the custodian, and the system and/or application from which the electronic communications are being produced. Do not produce paper copies unless there is no electronic source for the electronic communications. Retain all backups or archives of electronic communications for the Relevant Period, even after all responsive electronic communications have been produced.

- Under FINRA Rule 8210, Mr. Blake is obligated to respond to this request fully, promptly, and without qualification. Mr. Blake is also obligated to supplement or correct any response that Mr. Blake later learns to have been incomplete or inaccurate. If Mr. Blake withholds any responsive document or information he must specifically identify what he is withholding and state the basis for his doing so. Any failure on his part to satisfy these obligations could expose Mr. Blake to sanctions, including a permanent bar from the securities industry.

- As used in this request, the term "document" means writings, drawings, graphs, charts, spreadsheets, photographs, microfilm, microfiche and any other data compilation or communication from which information can be obtained. "Document" specifically includes, without limitation, communications memorialized or stored in any storage medium, including mechanical or electronic form such as email and voicemail messages. "Document" also includes drafts and any non-identical copies. If any document responsive to this request consists of electronic data, please produce it on CD-ROM, DVD, or other electronic storage media in the native, electronic format as created and stored in the ordinary course of business. Facsimile reproductions such as TIFF, JPG, or other image files, PDF files, or productions that require proprietary software or viewers, including Concordance or Summation, are not acceptable unless that is how the records are kept in the ordinary course of business. See below for information concerning encryption requirements. If it is not feasible for Mr. Blake to do so, please call me to discuss alternative arrangements.

- If the person associated with a member firm is providing the information in response to this request electronically on a portable media device (PMD), including but not limited to, hard drives, CD-ROMs, DVDs or other discs/diskettes, the PMD (or the files stored on the PMD) ***must be encrypted*** as required by Rule 8210(g) (see, Regulatory Notice 10-59). **The access password must be provided in a separate communication to Susan Byford.**

- As a matter of policy, FINRA conducts its investigations on a non-public basis. Nonetheless FINRA may sometimes provide access to its investigative files to other regulatory and law enforcement authorities, and, if subpoenaed, to litigants in civil actions. In addition, pursuant to FINRA's Code of Procedure, FINRA is required to

produce documents and transcripts to respondents during discovery. We will not (1) entertain requests for confidential treatment of any information or documents provided in response to this request; (2) give notice of any subpoena or access request we receive that encompasses any such information or documents; or (3) undertake to return documents when this investigation is completed.

Since this is a preliminary inquiry, it does not require reporting under Form U4, Question 14G, regarding notice of investigations.

This inquiry should not be construed as an indication that FINRA or its staff has determined that any violations of federal securities laws or FINRA, NASD, NYSE, or MSRB rules have occurred. Please call me at 303-446-3121, if you have any questions.

Sincerely,

Susan Byford
Principal Examiner

Cc: Ms. Sara Jane Andres, Ameritas Investment Corp.
(Via facsimile (402) 325-4212 and first class mail)

#7

BuchalterNemer
A Professional Law Corporation

16435 North Scottsdale Road, Suite 440, Scottsdale, Arizona 85254-1754
Telephone (480) 383-1800 / Fax (480) 824-9400

Direct Dial Number: (480) 383-1845
Direct Facsimile Number: (480) 383-1602
E-Mail Address: *rhall@buchalter.com*

March 25, 2011

Via Facsimile and U.S. Mail

Ms. Martha Wiseman
FINRA
Principal Examiner
District 3A
4600 S. Syracuse Street, Suite 1400
Denver, CO 80237

Re: 20100217105/Ameritas Investment Corp. and Carillion Investments, Inc.

Dear Ms. Wiseman:

I wanted to let you know that the FINRA Arbitration case no. 09-04700 *Douglas J. Pippert, et al. v. Michael Blake, et al.* has been settled on mutually agreeable terms.

The case was settled using the FINRA Dispute Resolution Mediation Program. A copy of the letter acknowledging that settlement is enclosed.

In light of that settlement, and because Mr. Blake's dealings with the Pipperts were what spurred your office's investigation referenced above, I would like to ask that the investigation now be closed.

The Pipperts are no longer parties adverse to Mr. Blake, and while the terms of the settlement are confidential, the Pipperts have, of course, released any and all claims against Mr. Blake in return for the agreed-to settlement.

I would appreciate a written response to this letter (an e-mail is fine), particularly one that indicates you are closing your investigation.

Sincerely,

BUCHALTER NEMER
A Professional Corporation

By
Roger W. Hall

2514

RECEIVED
MAR 29 2011
FINRA DIST # 3A

RWH/ld
Enclosure
c: Mr. Michael Blake (via e-mail)

CONFIDENTIAL

ACC000341
FILE #8451

FINRA

Financial Industry Regulatory Authority

March 3, 2011

Roger W. Hall, Esq.
Buchalter Nemer
16435 North Scottsdale Road
Suite 440
Scottsdale, AZ 85254-1754

Subject: FINRA Dispute Resolution Mediation Number 09-04700
Douglas J. Pippert, Kira Ann Pippert, et al. vs. Ameritas Investment Corp., Michael James Blake, et al.

Dear Mr. Hall:

Thank you for using the FINRA Dispute Resolution's Mediation Program to resolve your dispute. Your commitment of time and energy to the mediation process helped to make this mediation a success. This case has been removed from FINRA Dispute Resolution's mediation docket, and I have informed your assigned arbitration staff member that this case has settled in mediation.

The parties are responsible for mediator session fees and expenses, including travel expenses and room charges. These charges have been apportioned as the parties agreed. If the parties have already paid FINRA Dispute Resolution mediation deposits proportionally (eg. 50/50), and later agree to divide the mediation costs differently, we ask that the party agreeing to pay more please reimburse the other party directly.

You will receive, **under separate cover**, an invoice which will list your portion of the mediation fees. Payment is due upon receipt of the invoice. Please make your check payable to FINRA Dispute Resolution. Any excess deposit money will be applied to any outstanding arbitration or mediation fees owed in this matter, or refunded.

We value your suggestions on ways to improve our mediation program. Please give us your comments on the enclosed Mediation Exit Questionnaire, and return it in the enclosed self-addressed, stamped envelope or you may fax it to FINRA Mediation (301) 527- 4806 at your earliest convenience.

We appreciate your support of the mediation program and hope that we can serve you again in the future.

Sincerely,

Rosari C. Domenick
National Mediation Administrator
Phone: 312-899-4442
Fax: 301-527-4847
Rosari.Domenick@finra.org

RCD:jn3:LM46B
idr: 06/25/2010

RECIPIENTS:

David A. Baugh, Esq., Ameritas Investment Corp.
Baugh-Dalton-Carlson-Ryan LLC, 55 W. Monroe Street, Suite 600, Chicago, IL 60603

Roger W. Hall, Esq., Olympus Financial Advisors, Inc.
Buchalter Nemer, 16435 North Scottsdale Road, Suite 440, Scottsdale, AZ 85254-1754

Roger W. Hall, Esq., Michael Blake
Buchalter Nemer, 16435 North Scottsdale Road, Suite 440, Scottsdale, AZ 85254-1754

Thomas E. Jamison, Kira Ann Pippert
Fruth, Jamison & Elsass PLLC, 3902 IDS Center, 80 S. 8th Street, Minneapolis, MN 55402

Thomas E. Jamison, Kira Ann Pippert Revocable Trust
Fruth, Jamison & Elsass PLLC, 3902 IDS Center, 80 S. 8th Street, Minneapolis, MN 55402

Thomas E. Jamison, Esq., Douglas J. Pippert
Fruth, Jamison & Elsass PLLC, 3902 IDS Center, 80 S. 8th Street, Minneapolis, MN 55402

16435 NORTH SCOTTSDALE ROAD, SUITE 440, SCOTTSDALE, ARIZONA 85254-1754
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File Number: B9883.3
Direct Dial Number: (480) 383-1861
Direct Facsimile Number: (480) 383-1619
E-Mail Address: *lhaacke@buchalter.com*

June 1, 2010

VIA E-MAIL AND OVERNIGHT DELIVERY

Amy Starkey
Assistant Vice President/Assistant Compliance Officer
AMERITUS INVESTMENT CORPORATION
1876 Waycross Road
Cincinnati, OH 45240

Re: FINRA Investigative Matter No. 20100217105 re Michael Blake
Pippert Statement of Claim; FINRA Arb. No. 09-04700

Dear Amy:

Attached please find Michael Blake's responses to Item Nos. 2 through 11 of the May 4, 2010 letter from FINRA Investigator Martha Wiseman to Greg Sernett of Ameritus, as requested in your May 5, 2010 and subsequent e-mails exchanged with him and with me as his counsel concerning this matter.

If you have any questions, please do not hesitate to call me directly.

Very truly yours,

BUCHALTER NEMER
A Professional Corporation

/s/LeslieAnn Haacke

By
LeslieAnn Haacke

LAH/jkla
Enclosures/Attachments [Documents –
Bates Nos. BLK000001-000256]

cc: Michael Blake (w/o enclosures)
David M. Williams (w/o enclosures)

Michael Blake's responses to designated Items in FINRA Investigator Martha Wiseman's May 4, 2010 letter to Greg Sernett, Ameritas Investment Corp.

June 1, 2010

Item No. 2

See Michael Blake's and Olympus Financial's Answer to the Statement of Claim in *Blake, et al. adv. Pippert, et al.*, FINRA Arb. No. 09-04700, and responses to Item Nos. 3 through 6 below.

Item No. 3

Through his outside business activities, which at all relevant and material times to the Pipperts' Statement of Claim were fully disclosed to and approved by his broker-dealer, first AXA/Equitable, then with Carillon and finally with Ameritas, Mr. Blake was the Manager and member of a separate Arizona limited liability company called Longest Drive, LLC ("LD"). LD was organized by Mr. Blake with four other members in April 2002 for the purposes of pooling funds to invest in commercial real estate equity positions participating in profit and loss, primarily in office condominium developments. Mr. Blake did not receive a management fee for LD, and at the end of a project, he received the same pro rata percentage share of the payout on each project as the other LD members based upon their pro rata percentage of their Longest Drive investment in the particular project. Through LD, Mr. Blake became familiar with Grace Communities and its projects, and dealt directly with Jonathon Vento, the Managing Partner of Grace.

Sometime in November 2006, Mr. Vento contacted Mr. Blake as the Manager of LD to tell Mr. Blake Grace was still raising monies for its projects, but was going to use 15% promissory notes going forward instead of equity positions. LD had no interest in investing in notes paying monthly interest on behalf of its members and made no further investments in Grace properties thereafter.

Longest Drive, LLC (for Pipperts' participation in Burr Ridge Office Condos)

a. Date(s) of involvement:

Michael – Spring 2006; Grace sent the Burr Ridge Office Investor, LLC Investment Packet and Michael invested $15,000 through LD

LD – Spring 2006 through the year 2006; LD invested in Burr Ridge – total ended up being $2.4 million

Pipperts – July 7, 2006; this was delivered by LD to Burr Ridge on July 17, 2006

b. Direct or indirect financial interest(s):

LD's financial interest in Burr Ridge: $2.4 million equity position.

ACC000345
FILE #8451

Michael Blake's responses to designated Items in FINRA Investigator Martha Wiseman's May 4, 2010 letter to Greg Sernett, Ameritas Investment Corp.

June 1, 2010

Michael's financial interest through LD: $25,000, representing .0104 of LD's total equity position in Burr Ridge

Pipperts' financial interest through LD: $100,000, representing .04167 of LD's total equity position in Burr Ridge (Bates Nos. BLK000015-18)

Grace's investment opportunity in Burr Ridge was $4 million; Grace retained 60% of profits, if any, and investor groups received 40% of any profits, if any, to be distributed according to their pro rata interest in the 40%

c. Terms and conditions of investment:

Pipperts' in LD – if any profits or losses, they are assessed at their percent of LD's total equity position in Burr Ridge [BLK000018]

Michael's in LD - same

LD's in Burr Ridge – see above

Grace investment opportunity – see above

d. How the investment(s) were documented:

Pipperts' in LD – LD Account Application; Check No. 1023 from Douglas Pippert and Kira Pippert dated July 7, 2006 in the amount of $100,000; Pipperts' K-1s from LD for 2007 and 2008 [Bates Nos. BLK000015-18, 32, 33]

Michael's in LD – LD Account Application; Check from Michael and Janice Blake in the amount of $25,000; Blakes' K-1s for 2007, 2008 and 2009.

LD's in Burr Ridge – each LD investor's interest was documented the same way with LD

e. LD's and/or Michael's role in offering, in general: Mr. Blake let LD members and/or potential members know that this equity position in Burr Ridge was available through membership and an account with LD. He answered questions and found out answers from Grace to questions which he did not know when LD members and/or potential members asked and communicated the same to the members.

LD's and/or Michael's role in offering, as to the Pipperts: In the Spring of 2006, Mr. Pippert starting asking Mr. Blake about alternative investments related to real estate. Mr. Blake specifically and carefully explained that he had an outside business activity as a member and manager of an LLC called Longest Drive, separate and apart from his

investment advisor business with and through Olympus Financial Advisors and Ameritas, that pooled monies together to invest in equity positions in commercial real estate, and emphasized that LD had nothing to do with Olympus or Ameritas.

Mr. Blake told Mr. Pippert he did not receive a management fee for LD, but received the same pro rata percentage payout as any other member, and that, for example, if the Pipperts had 10% of what was raised by LD for a project, then at the end of the project, the Pipperts would receive 10% of LD's profits or losses for that project. Mr. Blake told Mr. Pippert about a project LD liked in Burr Ridge, Illinois (Grace Communities' Burr Ridge Office Condo project), that fit LD's criteria (less than two years expected in and out, potential for greater than 50% return on LD's investment and no call options), that he had visited with the developer, Grace, numerous times in his role with LD, and that he had also visited the site and it looked good to him. Grace, through Mr. Blake, provided Mr. Pippert an Offering Memorandum/Investment Packet from LD directly in June 2006 [Bates Nos. BLK000061-107].

On July 7, 2006, Mr. Blake met with the Pipperts at their home in Minnesota for their yearly review of their financial portfolio and investment goals and objectives. At the end of this meeting, Mr. Pippert wanted to talk about investing in LD to participate in its purchase of an equity position in Grace's Burr Ridge Office Condo project. Mr. Blake again specifically and carefully explained that he was taking off his Olympus/Ameritas hat and putting on his LD hat to talk with them in his capacity as a member and its manager. The Pipperts told Mr. Blake they had decided to invest $100,000 in LD for the Burr Ridge project, and provided him with a personal check made out to LD in that amount. [Bates No. BLK000016]

f. Michael's role in handling of funds placed:

In general – LD members' funds were placed into LD's account for its purchase of its equity position in the Burr Ridge project, and then LD issued and delivered its check(s) to Grace.

The Pipperts provided a personal check made out to LD to Mr. Blake, as the Manager of LD, on July 7, 2006. Mr. Blake deposited that check into the LD account upon his return to Arizona on July 7, 2006. The Bank required that Mr. Blake wait for the Pipperts' check to clear, and then there was a weekend, before Mr. Blake could issue and deliver the LD check for purchase of the Burr Ridge equity position to Grace, on July 17, 2006. [Bates Nos. BLK000016-17]

g. Due diligence: Michael Blake reviewed the Investment Packet [Bates Nos.BLK000061-107], is familiar with the area, having lived in Chicago for 30 years, and had visited and viewed the project.

Michael Blake's responses to designated Items in FINRA Investigator Martha Wiseman's May 4, 2010 letter to Greg Sernett, Ameritas Investment Corp.

June 1, 2010

h. Registration as security, or exemption: Investment in LD – no (upon advice of LD's counsel); LD's investment in Burr Ridge – no (upon advice of Grace's counsel)

i. Status of the investment: This is still an active project with no change to the Pipperts' investment terms and conditions.

j. Records to illustrate investment:

The copy of LD Account Application; the copy of the Check and deposit, and LD confirmation of investment. [Bates Nos. Bates Nos. BLK000015-18]

Romeoville Office Investors, LLC – LD's Investment

a. Date(s) of involvement:

LD invested $250,000 as an equity position on October 19, 2006. As noted previously, sometime in November 2006, Mr. Vento contacted Mr. Blake as the Manager of LD to tell Mr. Blake Grace was still raising monies for its projects, but was going to use 15% promissory notes going forward instead of equity positions. LD had no interest in investing in notes paying monthly interest on behalf of its members and made no further investment in Romeoville.

b. Direct or indirect financial interest(s):

LD's financial interest in Romeoville: $250,000 equity position.

Michael's financial interest through LD: $100,000, representing 40% of LD's total equity position in Romeoville.

c. Terms and conditions of investment:

Michael's in LD – same as Burr Ridge

LD's in Romeoville – same as Burr Ridge

d. How the investment(s) were documented:

Michael's in LD – same as Burr Ridge

LD's in Romeoville – same as Burr Ridge

Michael Blake's responses to designated Items in FINRA Investigator Martha Wiseman's May 4, 2010 letter to Greg Sernett, Ameritas Investment Corp.

June 1, 2010

Romeoville Office Investors, LLC – Pipperts' Investment

a. Date(s) of involvement:

November 21, 2006 – Kira Ann Pippert Revocable Trust invested $700,000 directly with Romeoville Office Investors, LLC. [Bates Nos. BLK000035-36, 44-46]

b. Direct or indirect financial interest(s):

Pipperts' financial interest in Romeoville: $700,000 promissory note directly with Romeoville Office Investors, LLC. [Bates Nos. BLK000035-36, 44-46]

c. Terms and conditions of investment:

Two-year promissory note at 15% interest in the amount of $700,000 between Doug and Kira Pippert and Grace Communities directly. Mr. Blake had no involvement in the Pipperts' investment in Romeoville, and no involvement in the direction of the money or management of the property. [BLK000035-36, 44-46, 110-150]

d. How the investment(s) were documented:

See (c) above. [BLK000035-36, 44-46, 110-150; copy of promissory note between Kira Ann Pippert Revocable Trust and Romeoville Office Investors, LLC (Grace Communities) and Investment Packet obtained from Romeoville/Grace Communities for production herewith].

e. LD's and/or Michael's role in offering: The Pipperts were already investors in and members of LD participating in its Burr Ridge equity position. However, Grace had advised it was no longer going to raise money for its projects through equity positions in November 2006. Because Mr. Pippert wanted to make additional alternative investments in Grace properties, but LD was not interested in investing in the notes paying monthly interest as investments for its members, Mr. Blake told Mr. Pippert any future investments the Pipperts chose to make in Grace properties would have to be made with Grace directly. The Pipperts' investment and agreement for Romeoville was made between the Kira Ann Pippert Revocable Trust and Romeoville/Grace directly. Mr. Blake and LD had no role in this offering. Because Mr. Blake had dealt with Mr. Vento and Grace in his capacity as LD's manager and as to LD's equity positions, he did attempt to get answer questions as the Pipperts posed them.

f. Michael's role in handling of funds placed:

At the Pipperts' direction, and signed for by them, $700,000 was wired on November 21, 2006 from the Kira Pipperts Trust account with Ameritas Investment by Michael directly to Romeoville Office Investors, LLC. [Bates Nos. BLK000035-36]

Michael Blake's responses to designated Items in FINRA Investigator Martha Wiseman's May 4, 2010 letter to Greg Sernett, Ameritas Investment Corp.

June 1, 2010

Michael still manages this Ameritas account for the Pipperts, but has no discretionary authority. The Pipperts direct the investments and trades made in this Account.

g. Due diligence:

Mr. Blake did extensive due diligence review on the Romeoville project prior to LD's own investment in its equity position in October 2006. He lived in Chicago for 30 years and went to college in Romeoville, Illinois. He met with representatives of Grace numerous times regarding the project and the forecasts. Michael also traveled to Romeoville to view the project site and construction, and the surrounding area.

h. Registration as security, or exemption:

No - Mr. Blake was advised by Grace's legal counsel that these investments did not have to be registered as securities.

i. Status of the investment:

Romeoville is still an active project. The Pipperts have been paid a total of $140,000 in interest directly from Grace.

j. Records to illustrate investment:

Other than the documents showing the wire transfer [Bates Nos. BLK000035-36], and the copy of the promissory note and Investment Packet (obtained by Mr. Blake from Grace Communities [Bates Nos. BLK000044-46, 110-150], Mr. Blake has no records on this investment. This was a direct agreement and investment between Mrs. Pippert's Trust and Romeoville/Grace.

Vernon Hills Office Investors, LLC

a. Date(s) of involvement:

As noted previously, sometime in November 2006, Mr. Vento contacted Mr. Blake as the Manager of LD to tell Mr. Blake Grace was still raising monies for its projects, but was going to use 15% notes going forward instead of equity positions. While Mr. Blake became aware of this project through his contacts with Grace, LD had no interest in investing in notes paying monthly interest on behalf of its members and made no further investments in Grace properties. Thus, neither Mr. Blake nor LD had any interest in or involvement with Vernon Hills.

b. Direct or indirect financial interest(s):

As noted above, neither Mr. Blake nor LD had any interest in or involvement with Vernon Hills.

c. Terms and conditions of the Pipperts' investment:

October 17, 2007 - Two-year note at 15% interest in the amount of $400,000 between the Kira Pippert Revocable Trust and Vernon Hills Offices Investors, LLC (Grace Communities) directly, secured by the personal guaranties of Jonathan Vento and Donald Zeleznak, the principals of Vernon Hills/Grace, and on behalf of 44th Street & Camelback Lenders, LLC. Mr. Blake had no involvement in the Pipperts' investment in Vernon Hills, and no involvement in the direction of the money or management of the property. [Bates Nos. BLK000047-49, 55-56, 157-193]

d. How the Pipperts' investment was documented:

See (c) above. [BLK000047-49, 55-56. 157-193; copy of promissory note and guaranty and Investment Packet obtained from Vernon Hills/Grace Communities for production herewith].

e. LD's and/or Michael's role in offering: The Pipperts were already investors in and members of LD participating in its Burr Ridge equity position, and direct investors with Grace in its Romeoville and Geneva projects. Mr. Blake knew of the Pipperts' subsequent direct investment in Romeoville. Because LD was not interested in the Grace notes paying monthly interest as investments for its members but Mr. Pippert wanted to make additional investments in Grace properties, Mr. Pippert knew that any future purchases of investments by the Pipperts in Grace properties would have to be made with Grace directly. The Pipperts' investment in and agreements for Vernon Hills were made with Grace and its principals directly, and Mr. Blake had no role in this "offering." Because Mr. Blake had dealt with Mr. Vento and Grace in his capacity as LD's manager and as to LD's equity positions, he did answer or get answers to the Pipperts' questions concerning the properties as he was able.

f. Michael's role in handling of funds placed:

At the Pipperts' direction, and signed for by them, $400,000 was wired on or about October 17, 2007 by Michael from the Kira Pippert Revocable Trust investment account with Ameritas Investment directly to Vernon Hills Office Investors, LLC. [Bates Nos. BLK000055-56] Michael still manages this Account, but has no discretionary authority. All investment and trading activity is direct by Doug or Kira Pippert.

Michael Blake's responses to designated Items in FINRA Investigator Martha Wiseman's May 4, 2010 letter to Greg Sernett, Ameritas Investment Corp.

June 1, 2010

g. Due diligence:

The same level of due diligence was not done by Mr. Blake on Vernon Hills because these were promissory note programs of no interest at the time to him or LD. Both this project and the Geneva Office Investors project involved personal guaranties given to the Pipperts/Trust by Grace principals.

h. Registration as security, or exemption:

Because Mr. Blake had no role in this "offering" or in the Pipperts' purchase of the Vernon Hill notes, he made no independent assessment as to the registration requirements or exemptions for the Vernon Hill Notes. As noted previously, Mr. Blake had been advised by Grace's legal counsel that these note investments did not have be registered as securities.

i. Status of the investment:

Vernon Hills was placed in foreclosure in 2009. Grace was unable to secure permanent financing to purchase the land and build the project. The Pipperts received $120,000 in interest from Grace. [The Pipperts hold personal guarantees of Jonathan Vento and Donald Zeleznak, two of the principals of Grace, and of 44th Street & Camelback Lending, LLC, for this project, but have failed to take any action on or collect on these guaranties. Further, the Pipperts were offered the opportunity to move 100% of their investment in Vernon Hills, plus accrued interest into an equity position in Burr Ridge, with Mr. Vento and Mr. Zeleznak giving up a portion of Grace's 60% equity position to absorb the loss and give the Pipperts an equity position in an on-going project. In addition, the Pipperts were offered the opportunity to trade their promissory note in Vernon Hills for a new note in Grace Hotels in Bloomington, Indiana. [Bates No. 51] They also rejected this offer.

j. Records to illustrate the Pipperts' investment:

Other than the documents showing the wire transfer [Bates Nos. BLK000055-56], and the copy of the promissory note, guaranty and Investment Packet (obtained by Mr. Blake from Grace Communities for this production [BLK000047-49, 157-193], Mr. Blake has no records on this investment. This was a direct agreement and investment between Mrs. Pippert's Trust and Vernon Hills/Grace, and a direct agreement to secure the same by way of personal guaranties between the Pipperts and the principals of Grace and of 44th Street & Camelback Lending, LLC.

Michael Blake's responses to designated Items in FINRA Investigator Martha Wiseman's May 4, 2010 letter to Greg Sernett, Ameritas Investment Corp.

June 1, 2010

Office Condominiums of Geneva, LLC

a. Date(s) of involvement:

As noted previously, sometime in November 2006, Mr. Vento contacted Mr. Blake as the Manager of LD to tell Mr. Blake Grace was still raising monies for its projects, but was going to use 15% notes going forward instead of equity positions. While Mr. Blake became aware of this project through his contacts with Grace, LD had no interest in investing in notes paying monthly interest on behalf of its members and made no further investments in Grace properties. Thus, neither Mr. Blake nor LD had any interest in or involvement with Geneva.

b. Direct or indirect financial interest(s):

As noted above, neither Mr. Blake nor LD had any interest in or involvement with Geneva.

c. Terms and conditions of the Pipperts' investment:

January 23, 2007 - Two-year note at 15% interest in the amount of $300,000 between the Kira Ann Pippert Trust and Office Condominiums of Geneva, LLC (Grace Communities) directly. Mr. Blake had no involvement in the Pipperts' investment in Geneva, and no involvement in the direction of the money or management of the property. [Bates Nos. BLK000014, 57-60, 201-238]

d. How the investment(s) were documented:

See (c) above. [Bates No. BLK000014, personal Check No. 1094 from Douglas and Kira Pippert to Grace Communities for "Investment Account]; Bates Nos. BLK000057-60, 201-238; copy of promissory note and guaranty and Investment Packet obtained from Vernon Hills/Grace Communities for production herewith].

e. LD's and/or Michael's role in offering: The Pipperts were already investors in and members of LD participating in its Burr Ridge equity position, and direct investors with Grace in its Romeoville project. Mr. Blake knew of the Pipperts' subsequent direct investment in Romeoville. Because LD was not interested in the Grace notes paying monthly interest as investments for its members but Mr. Pippert wanted to make additional investments in Grace properties, Mr. Pippert knew that any future purchases of investments by the Pipperts in Grace properties would have to be made with Grace directly. The Pipperts' investment and agreement for Geneva was made with Grace directly, and Mr. Blake had no role in this "offering." Because Mr. Blake had dealt with Mr. Vento and Grace in his capacity as LD's manager and as to LD's equity positions, he did answer or get answers to the Pipperts' questions concerning the properties as he was able.

Michael Blake's responses to designated Items in FINRA Investigator Martha Wiseman's May 4, 2010 letter to Greg Sernett, Ameritas Investment Corp.

June 1, 2010

f. Michael's role in handling of funds placed:

The Pipperts mailed a personal check dated January 23, 2007 in the amount of $300,000 directly to Grace Communities for the Geneva promissory note and guaranty [Bates No. BLK000014]. Michael had no role in the handling of the Pipperts' funds for this project.

g. Due diligence:

The same level of due diligence was not done by Mr. Blake on Geneva because these were promissory note programs of no interest at the time to LD. Both this project and the Vernon Hills project involved personal guaranties given directly to the Pippert Trust by Grace principals Vento and Zeleznak.

h. Registration as security, or exemption:

Because Mr. Blake had no role in this "offering" or in the Pipperts' purchase of the Geneva note, he made no independent assessment as to the registration requirements or exemptions for the Geneva note. As noted previously, Mr. Blake had been advised by Grace's legal counsel that these promissory notes did not have to be registered as securities.

i. Status of the investment:

Geneva was placed in foreclosure in 2009. Grace was unable to secure permanent financing to purchase the land and build the project. The Pipperts received $56,250 in interest from Grace. [The Pipperts hold personal guarantees of Jonathan Vento and Donald Zeleznak, two of the principals of Grace for this project, but have failed to take any action on or collect on these personal guarantees. Further, the Pipperts were offered opportunity to move 100% of their investment in Geneva, plus accrued interest, into an equity position in Burr Ridge, with Mr. Vento and Mr. Zeleznak giving up a portion of Grace's 60% equity position to absorb the loss and give the Pipperts an equity position in and on-going project. In addition, the Pipperts were given the opportunity to trade their promissory note in Geneva for a new note position in Grace Hotels in Bloomington, Indiana. They also rejected this offer.

j. Records to illustrate investment:

Other than the personal check of the Pipperts to Grace [Bates No. BLK000014], and the copy of the promissory note, guaranty and Investment Packet (obtained by Mr. Blake from Grace Communities for this production [Bates Nos. BLK000057-60, 201-238], Mr. Blake has no records on this investment. This was a direct agreement and investment between Mrs. Pippert's Trust and Geneva/Grace, and a direct agreement to

secure the same by way of personal guaranties between the Pipperts and Misters Vento and Zeleznak.

Item No. 4

Mr. Blake incorporates his responses to Item No. 3 herein as set forth in full, and supplements as follows:

v. Were the Pipperts accredited investors? Yes, covered by both income and net worth as documented in Michael's notes from yearly reviews and Ameritas account statements. [Bates Nos. 1, 3-11; see also Account Statements for the Pipperts already in Ameritas' possession]

vi. No investment has been returned to the Pipperts. However, the Pipperts hold personal guaranties of Jonathan Vento and Donald Zeleznak, two of the principals of Grace and the guaranty of 44th Street & Camelback Lending, LLC, for the Vernon Hills project, and the personal guaranties of Mr. Vento and Mr. Zeleznak for the Geneva project. The Pipperts have failed to take any action on or collect on these guaranties. Further, the Pipperts were offered the opportunity to move 100% of their investments in both Vernon Hills and Geneva, plus accrued interest into an equity position in Burr Ridge, with Mr. Vento and Mr. Zeleznak giving up a portion of Grace's 60% equity position to absorb the loss and give the Pipperts an equity position in and on-going project. In addition, the Pipperts were offered to trade their promissory notes in Vernon Hills and Geneva for new note(s) in Grace Hotels in Bloomington, Indiana. They also rejected this offer.

vii. The Pipperts and their Trust were and continue to be firm/Ameritas customers.

This information has already been provided to Greg Sernett at AIC by Michael.

viii. No remuneration was received or is anticipated by Michael, separate and apart from Michael's share of the profit (or loss) for his participation in the equity positions in Burr Ridge and/or Romeoville projects through LD. Michael has received no fees, service fees or commissions.

Item No. 5

1. Mr. Blake did not solicit or recommend any investments in the Grace properties. He particularly never discussed these investments under the auspices of or as a representative of Olympus, Ameritas or as a financial advisor. Mr. Blake's communications regarding the Pipperts' investment in LD to participate in the Burr Ridge project were initiated by and were with Mr. Pippert separate from communications regarding the Pipperts' investment account with Olympus and Ameritas, and Mr. Blake

was extremely diligent and careful to make sure this separation was known to the Pipperts, and in particular, Mr. Pippert.

II. Burr Ridge equity position through LD – as stated above; Pipperts were accredited investors and made their own decisions concerning investments in LD and Burr Ridge through LD. [Bates Nos. BLK00001, 3-11; Ameritas account statements]

Romeoville, Vernon Hills and Geneva promissory notes – Michael told the Pipperts that Grace would only do future fundings of its projects with investors via two-year 15% promissory notes as of November 2006 as noted above. Michael was not involved in these investment transactions between the Pipperts/Trust and Grace and therefore did not advise the Pipperts regarding the terms, conditions, risks and/or merits of these promissory note investments.

III. Burr Ridge equity position through LD – see above.

Romeoville, Vernon and Geneva promissory notes – see above; since Michael was not involved in these transactions and they were directly between the Pipperts/Trust and Grace, Grace supplied the Pipperts with the Investment Packets. Michael only passed on the specific terms as they were outlined in the Investor Packets provided to the Pipperts by Grace and made the Pipperts aware of available opportunities with Grace only upon Mr. Pippert's request and inquiry.

Item No. 6

Mr. Blake has disclosed in writing and has had an approved outside business activity for his real estate equity investments through Longest Drive LLC since 2002, when he was with the Equitable/AXA. He made his supervisors and compliance officers aware of this OBA both orally and in writing, providing the required OBA Disclosure of LD every year as required. This OBA was approved every year by Carillon Investments and the Ameritas Investment Corp. until 2009, when the Pipperts filed their Statement of Claim in the FINRA Arbitration proceeding which is the subject of this investigation. Upon Michael's disclosure of his outside business activities and submission of his UCAs each year for the last seven (7) years, no one at Ameritas inquired further of Michael concerning his and/or LD's business or investments in commercial real estate equity positions. Michael's business office was audited by the compliance officers of all three firms, respectively, every year. He cannot recall specifically which individuals he dealt with for these audits and concerning this matter for each year. All of this should be reflected in Ameritas' supervisory and compliance records on file for Mr. Blake.

Item No. 7

Michael Blake's responses to designated Items in FINRA Investigator Martha Wiseman's May 4, 2010 letter to Greg Sernett, Ameritas Investment Corp.

June 1, 2010

Burr Ridge – LD documents are attached hereto as referenced in Item No. 3 above. The remaining documents and Investment Packet for this project responsive to this request were requested by Michael and received from Grace for production herewith.

Romeoville, Vernon Hills and Geneva – All documents responsive to this request were requested and received from Grace for production herewith.

Item No. 8

Attached are copies of wire transfers and copies of any checks and deposits which were requested and received from Grace for production herewith. *See* Mr. Blake's responses in Item No. 3 as to his "receipt, deposit, relay and/or expenditure of funds tendered in connection with each investment."

Item No. 9

See response to Item No. 7 above.

Item No. 10

Other than as referenced in the responses to Item Nos. 3-9 above, Mr. Blake has no additional documents responsive to this request. Mr. Blake has received no remuneration and anticipates no remuneration in connection with the investments complained of by the Pipperts in their Statement of Claim.

Item No. 11

Other than the Statement of Claim filed by the Pipperts in their FINRA Arbitration proceeding, Mr. Blake has and is aware of no other documents or materials responsive to this request. Mr. Blake has never been an employee or agent of Grace. Through his membership in Longest Drive, LLC, he was an investor in Grace Communities' properties.

Summary

At no time in the last seven (7) years has Mr. Blake solicited anyone to invest in real estate either through Longest Drive, LLC or directly in or through Grace or any other company. The Pipperts, Doug age 51 and Kira age 39, are sophisticated and accredited investors. They were *and continue to be* clients of Michael's and Ameritas,' and were such for three (3) years before Doug Pippert inquired about opportunities for investing in additional real estate. They already owned two homes in two states and some raw land. Mr. Blake was very careful not to and never held himself out as a financial advisor, Olympus Financial representative, or Ameritas representative when discussing his outside

business activity with LD. He was extremely cognizant and careful to separate the two roles and advise those to whom he was speaking of the same, including the Pipperts.

In the case of the Pipperts' Grace promissory notes, Romeoville is still a viable on-going project. Geneva and Vernon Hills are backed by the personal guarantees and considerable assets of two of Grace's principals, Donald Zeleznak and Jonathan Vento. The Pipperts have made absolutely no demand under or attempt to enforce the Personal Guarantees or to take action to collect against them.

Grace had to close the Vernon Hills and Geneva projects due to the lack of permanent financing available when lending "dried up" as a result of the crashing real estate market. This was and is a global issue for any legitimate real estate development company, resulting from the change in the economy and real estate market, and not an issue unique to Grace. Grace Communities and its principals made generous offers to the Pipperts to convert 100% of their two investments in Geneva and Vernon Hills into other projects that Grace has that are still on-going, including Burr Ridge and the hotels that Grace owns in Indiana, but the Pipperts have rejected both those offers.

Burr Ridge is also still an on-going project and LD's still holds its equity interest therein on behalf of its members, including the Pipperts. The Pipperts have received and continue to receive communications, project updates and K-1s for Burr Ridge from Michael on behalf of LD [Bates Nos. BLK000019-33] and project updates on their promissory note investments in Romeoville, Vernon Hills and Geneva directly from Grace

The Pipperts are still investment clients with Mr. Blake and Olympus Financial, and continue to correspond with Mr. Blake regarding and to entrust him with their investments and to achieve their investment goals and objectives.

Maria E. Salinas - Sherffius
Vice President - Broker/Dealer Compliance Officer
Registered Principal

AMERITAS. INVESTMENT CORP.
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May 17, 2010

Ms. Martha Wiseman
Principal Examiner
FINRA
4600 S Syracuse Street, Suite 1400
Denver, CO 80237-2719

Re: 20100217105 / Michael Blake

Dear Ms. Wiseman:

We are in receipt of your letter dated May 4, 2010, regarding FINRA Matter No. 20100217105 / Michael Blake. I have provided below our written explanations to the questions in your May 4th letter in the same order as set forth in your correspondence.

Thank you for granting us an extension until May 28, 2010, to submit the responses that require input from Mr. Blake. Mr. Blake's input is required on questions #2 through #10; therefore, we will not be answering those questions at this time. We will have this information to you by May 28, 2010.

In our response, you will notice several forms relating to Carillon Investments, Inc. Carillon merged with Ameritas Investment Corp. (AIC) on June 30, 2006. Mr. Blake was registered with Carillon since 2002, and his registration was transferred to AIC at merger.

1. Material (e.g.: correspondence, memorandum, e-mails, etc.) documenting the firm's investigation into Mr. Blake's involvement in the referenced investments.

   Response: Upon receipt of FINRA Arbitration Number 09-04700 on September 10, 2009 AIC conducted an internal review into the activity identified. Our review identified Mr. Blake was approved to participate (as a private investor) in commercial real estate transactions under The Longest Drive LLC in October 2002. Mr. Blake reported that he would receive no fees or compensation and his involvement was for the sole purpose as a private investment. Our review included a review of Mr. Blake's responses to AIC's annual compliance questionnaire(s) and acknowledgement of policies and procedures manual (enclosed). Additionally, a review of the Pippert's account was done. The "investments" referenced in the arbitration were not held in the Pippert's accounts with AIC and never were part of AIC's books and records. No irregularities were found. Our internal protocol is upon receipt of arbitration matters, arbitration information is forwarded to AIC's in-house counsel with a communication to the RR (Mr. Blake) regarding receipt of such arbitration documentation. Communication to Mr. Blake was done on September 11, 2009 of such receipt. On September 30, 2009 Mr. Blake responded to AIC that his attorney would be responding on his behalf on a go forward basis. AIC's Compliance Department

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continues to monitor any documents produced or filings made in the arbitration and AIC's investigation remains open.

2. Mr. Blake's written narrative answering each allegation referenced in the Pippert's Statement of Claim.

   Response: We will provide a response by May 28, 2010.

3. Mr. Blake should also provide his written narrative describing the circumstances surrounding his participation in any such investments for the period of his associates with your firm or Carillon Investments, Inc. (the "firms). His response should address at least the following items.
   a. Identification of how he became aware of each investment, the persons with whom he dealt, and the dates of his involvement.
   b. Identification of whether he had any direct or indirect financial interest in the investments (e.g.: as an owner, shareholder, debt holder, etc.)
   c. Identification of the terms and conditions of each investment.
   d. Identification of how these investments were documented.
   e. Identification of his role in the offering of each investment.
   f. Identification of his role in the handling of funds placed in each investment.
   g. Identification of whether he made a due diligence review of each investment to determine the viability and or merit of each support program: if so, he should identify the steps taken and the material reviewed; and, if not, he should identify why not.
   h. Identification of whether such investment offerings were registered as securities pursuant to, or made via an exemption from, Section 5 of the Securities Act, and if exempt, Mr. Blake should identify the exemption.
   i. Identification of the status of such investments. For instance, has the each investment been returned, what was the return, has interest been paid, or is the investment in default?
   j. Identification of any records he has to illustrate these investments.

   Response: We will provide a response by May 28, 2010.

4. Mr. Blake should list all investment transactions in which he participated in investments identified under 3 above. His response should include at least the following information:
   a. Identification of the name of the investment.
   b. Identification of each investor's name, address, and phone number.
   c. Identification of the dates of the investment and amounts invested.
   d. Identification of whether he handled such investors funds, and if so, identification of where the funds were deposited and of how the funds were expended.
   e. Identification of whether the investor was accredited or not.
   f. Identification of whether the investments had been returned, and if so, identification of the date the funds were returned and the amounts returned.
   g. Identification of any investors who were also firm customers.
   h. Identification of the remuneration received or anticipated in connection with each transaction.
   i. Identification of the source of funds used by investors when making each investment and identification of any surrender fees assessed in order to generate such funding.

   Response: We will provide a response by May 28, 2010.

5. Mr. Blake should specify the circumstances surrounding the referenced investments. His response should provide at least the following information.
   a. Identification of whether he recommended such investment(s), and if so, he should explain why he believed his recommendation was appropriate and suitable for each client.
   b. Identification of what he told each investor regarding the terms, conditions, risks and merits of the investment.
   c. Identification of the documents (e.g.: offering material, presentation material, business plans, correspondence) used when discussing the proposed investment with investors.

   Response: We will provide a response by May 28, 2010.

6. Mr. Blake should explain and document whether he disclosed his involvement with the investments to the firms. He should identify whether his disclosures were oral and/or written, as well as identify the persons with whom he dealt, when, and any decisions made with respect to the same.

   Response: We will provide a response by May 28, 2010.

7. Copies of material (offering material, business plans, Private Placement Memorandum, notes, checks, correspondence, e-mails, agreements, etc) documenting each investor's participation in such investments.

   Response: We will provide a response by May 28, 2010.

8. Copies of material (e.g.: receipts, deposit slips, bank statements, etc.) illustrating Mr. Blake's receipt, deposit, relay, and/or expenditure of funds tendered in connection with each investment.

   Response: We will provide a response by May 28, 2010.

9. Copies of material (e.g.: background checks, feasibility studies, etc.) documenting any due diligence reviews made in connection with each investment.

   Response: We will provide a response by May 28, 2010.

10. Copies of documents (e.g.: contracts, agreements, correspondence, Form W-2, etc.) reflecting Mr. Blake's role, responsibility, remuneration or anticipated remuneration in connection with his involvement in such activity.

    Response: We will provide a response by May 28, 2010.

11. Copies of material (e.g.: letters, litigation, e-mail, etc) reflecting any complaints directed against Mr. Blake since June, 2006, and the firm's and Mr. Blake's responses to the same.

    Response: We have not received any other complaints directed against Mr. Blake.

12. Copies of the firm's written supervisory procedures addressing outside business activity, private securities transactions and the handling of investor funds. Please attach material (e.g.: annual certifications) completed by Mr. Blake reflecting his awareness and/or compliance with these policies.

Response: Exhibit 1 on the enclosed CD contains excerpts from AIC's Policies and Procedures Manual (PPM) regarding outside business activities, private securities transactions, and the handling of investor funds. Because the alleged activity that is the subject of the Arbitration took place starting in 2006, we have provided copies from the PPM in effect at that time.

Exhibit 2 on the enclosed CD contains various certifications completed by Mr. Blake since his affiliation with Carillon Investments, Inc. and later AIC.

13. Please provide copies of material documenting showing all outside business activity and private securities transaction (both oral and written) completed by Mr. Blake. Please provide material reflecting the firm's review, investigation (if applicable) and approval or disapproval of the same.

    Response: Exhibit 3 on the enclosed CD contains copies of Annual Compliance Questionnaires and Outside Business Activity Questionnaires completed by Mr. Blake on an annual basis since his affiliation with Carillon/AIC.

    Exhibit 4 on the enclosed CD contains copies of specific Outside Business Activity request forms that Mr. Blake has submitted regarding several different outside business activities.

14. A written statement by Mr. Blake's supervisor(s) addressing the steps taken to supervise the Mr. Blake's participation in such investments.

    Response: Exhibit 5 on the enclosed CD is a statement from Mr. Blake's supervisor, Connie Grosser.

15. Please clarify whether the firm reviewed any e-mails to ascertain the extent of Mr. Blake's possible undisclosed outside business activity and/or undisclosed private securities transactions. If so, please describe such steps, clarify whether the firm found any indicia of problems, and document any findings.

    Response: AIC conducted an internal search of Mr. Blake's approved email addresses. Our review did not find any indication of Mr. Blake's undisclosed outside business activity and/or private securities transactions, other than as mentioned above in response #1.

16. Copies of any other material you wish to be considered during the course of the review of this matter.

    Response: We do not have any additional materials to provide at this time.

Should you have any questions in reference to the information in this correspondence, please contact me directly at (402) 325-4089.

Sincerely,

Maria Sherffius
VP, Broker/Dealer Compliance Officer

enclosures

FINRA

Financial Industry Regulatory Authority

FACSIMILE

TO Mr. Greg Sernett, J.D.	FROM Martha Wiseman
COMPANY Ameritas Investment Corp.	FAX 303-620-9450
FAX 402-325-4212	TEL 303-446-3100
TEL	
DATE May 4, 2010	
NUMBER OF PAGES INCLUDING COVER 6	

This fax transmittal is strictly confidential and is intended solely for the person or organization to whom it is addressed.

0005

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Suite 1400
Denver, CO
80237-2719

t 303 446 3100
f 303 620 9450
www.finra.org

FINRA

Financial Industry Regulatory Authority

FILE COPY

Via First Class and Fax Delivery: (402) 325-4212

May 4, 2010

CONFIDENTIAL

Mr. Greg Sernett, J. D.
Vice President and Chief Compliance Officer
Ameritas Investment Corp.
5900 O Street
Lincoln, NE 68510

RE: 20100217105 / Michael Blake

Dear Mr. Sernett:

As we discussed, this office is in receipt of a Statement of Claim filed by Douglas and Kira Pippert et. al. concerning investments made in real estate ventures, Grace Communities, Promissory Notes, etc. (the "investments") as allegedly handled by your registered representative, Mr. Michael Blake. In order to investigate the circumstances referenced in the filing, it is requested pursuant to FINRA Rule 8210 that you provide this office with the following material.

1. Material (e.g.: correspondence, memorandum, e-mails, etc.) documenting the firm's investigation into Mr. Blake's involvement in the in the referenced investments.

2. Mr. Blake's written narrative answering each allegation referenced in the Pipperts' Statement of Claim.

3. Mr. Blake should also provide his written narrative describing the circumstances surrounding his participation in any such investments for the period of his association with your firm or Carillon Investments, Inc. (the "firms"). His response should address at least the following items.
   a. Identification of how he became aware of each investment, the persons with whom he dealt, and the dates of his involvement.
   b. Identification of whether he had any direct or indirect financial interest in the investments (e.g.: as an owner, shareholder, debt holder, etc.)
   c. Identification of the terms and conditions of each investment.
   d. Identification of how these investments were documented.
   e. Identification of his role in the offering of each investment.
   f. Identification of his role in the handling of funds placed in each investment.
   g. Identification of whether he made a due diligence review of each investment to determine the viability and or merit of each such program: if so, he should

District 3A
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Denver, CO 80237-2719

t 303 446 3100
f 303 620 9450
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7. Copies of material (offering material, business plans, Private Placement Memorandum, notes, checks, correspondence, e-mails, agreements, etc.) documenting each investor's participation in such investments.

8. Copies of material (e.g.: receipts, deposit slips, bank statements, etc.) illustrating Mr. Blake's receipt, deposit, relay and/or expenditure of funds tendered in connection with each investment.

9. Copies of material (e.g.: background checks, feasibility studies, etc.) documenting any due diligence reviews made in connection with each investment.

10. Copies of documents (e.g.: contracts, agreements, correspondence, Form W-2, etc.) reflecting Mr. Blake's role, responsibility, remuneration or anticipated remuneration in connection with his involvement in such activity.

11. Copies of material (e.g.: letters, litigation, e-mail, etc.) reflecting any complaints directed against Mr. Blake since June, 2006, and the firm's and Mr. Blake's responses to the same.

12. Copies of the firm's written supervisory procedures addressing outside business activity, private securities transactions and the handling of investor funds. Please attach material (e.g.: annual certifications) completed by Mr. Blake reflecting his awareness of and/or compliance with these policies.

13. Please provide copies of material documenting showing all outside business activity and private securities transaction (both oral and written) disclosures made by Mr. Blake. Please provide material reflecting the firm's review, investigation (if applicable) and approval or disapproval of the same.

14. A written statement by Mr. Blake's supervisor(s) addressing the steps taken to supervise the Mr. Blake's participation in such investments.

15. Please clarify whether the firm reviewed any e-mails to ascertain the extent of Mr. Blake's possible undisclosed outside business activity and/or undisclosed private securities transactions. If so, please describe such steps, clarify whether the firm found any indicia of problems, and document any findings.

16. Copies of any other material you wish to be considered during the course of the review of this matter.

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

identify the steps taken and the material reviewed; and, if not, he should identify why not.

h. Identification of whether such investment offerings were registered as securities pursuant to, or made via an exemption from, Section 5 of the Securities Act, and if exempt, Mr. Blake should identify the exemption.
i. Identification of the status of such investments. For instance, has the each investment been returned, what was the return, has interest been paid, or is the investment in default?
j. Identification of any records he has to illustrate these investments.

4. Mr. Blake should list all investment transactions in which he participated in investments identified under item 3 above. His response should include at least the following information.
   i. Identification of the name of the investment.
   ii. Identification of each investor's name, address, and phone number.
   iii. Identification of the dates of the investment and amounts invested.
   iv. Identification of whether he handled such investor's funds, and if so, identification of where the funds were deposited and of how the funds were expended.
   v. Identification of whether the investor was accredited or not.
   vi. Identification of whether the investments had been returned, and if so, identification of the date the funds were returned and the amounts returned.
   vii. Identification of any investors who were also firm customers.
   viii. Identification of the remuneration received or anticipated in connection with each transaction.
   ix. Identification of the source of funds used by investors when making each investment and identification of any surrender fees assessed in order to generate such funding.

5. Mr. Blake should specify the circumstances surrounding the referenced investments. His response should provide at least the following information.
   i. Identification of whether he recommended such investment(s), and if so, he should explain why he believed his recommendation was appropriate and suitable for each client.
   ii. Identification of what he told each investor regarding the terms, conditions, risks and merits of the investment.
   iii. Identification of the documents (e.g.: offering material, presentation material, business plans, correspondence) used when discussing the proposed investment with investors.

6. Mr. Blake should explain and document whether he disclosed his involvement with the investments to the firms. He should identify whether his disclosures were oral and/or written, as well as identify the persons with whom he dealt, when, and any decisions made with respect to the same.

information with respect to any matter involved in an investigation, complaint or proceeding. Your response must be received in this office no later than **May 18, 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.

Thank you, in advance, for your time and cooperation. If you have any questions or comments, do not hesitate to contact me at this office.

Sincerely,

Martha Wiseman

Martha Wiseman
Principal Examiner

Encl: FINRA Rule 8210

FINRA ARBITRATION Submission Agreement

Claimant(s)

In the Matter of the Arbitration Between

Name(s) of Claimant(s)

Douglas Pippert, Kira Pippert and the Kira Pippert Revocable Trust

and

Name(s) of Respondent(s)

Michael Blake, Olympus Financial Advisors, Inc., and Ameritas Investment Corp.

1. The undersigned parties ("parties") hereby submit the present matter in controversy, as set forth in the attached statement of claim, answers, and all related cross claims, counterclaims and/or third-party claims which may be asserted, to arbitration in accordance with the FINRA By-Laws, Rules, and Code of Arbitration Procedure
2. The parties hereby state that they or their representative(s) have read the procedures and rules of FINRA relating to arbitration, and the parties agree to be bound by these procedures and rules.
3. The parties agree that in the event a hearing is necessary, such hearing shall be held at a time and place as may be designated by the Director of Arbitration or the arbitrator(s). The parties further agree and understand that the arbitration will be conducted in accordance with the FINRA Code of Arbitration Procedure.
4. The parties agree to abide by and perform any award(s) rendered pursuant to this Submission Agreement. The parties further agree that a judgment and any interest due thereon, may be entered upon such award(s) and, for these purposes, the parties hereby voluntarily consent to submit to the jurisdiction of any court of competent jurisdiction which may properly enter such judgment.
5. The parties hereto have signed and acknowledged the foregoing Submission Agreement.

Douglas Pippert

Claimant Name (please print)

Claimant's Signature — Date: 7-30-09

State capacity if other than individual (*e.g.*, executor, trustee or corporate officer)

Claimant Name (please print)

Claimant's Signature — Date

State capacity if other than individual (*e.g.*, executor, trustee or corporate officer)

If needed, copy this page.

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FINRA ARBITRATION Submission Agreement

Claimant(s)

In the Matter of the Arbitration Between

Name(s) of Claimant(s)

Douglas Pippert, Kira Pippert and the Kira Pippert Revocable Trust

and

Name(s) of Respondent(s)

Michael Blake, Olympus Financial Advisors, Inc., and Ameritas Investment Corp.

1. The undersigned parties ("parties") hereby submit the present matter in controversy, as set forth in the attached statement of claim, answers, and all related cross claims, counterclaims and/or third-party claims which may be asserted, to arbitration in accordance with the FINRA By-Laws, Rules, and Code of Arbitration Procedure
2. The parties hereby state that they or their representative(s) have read the procedures and rules of FINRA relating to arbitration, and the parties agree to be bound by these procedures and rules.
3. The parties agree that in the event a hearing is necessary, such hearing shall be held at a time and place as may be designated by the Director of Arbitration or the arbitrator(s). The parties further agree and understand that the arbitration will be conducted in accordance with the FINRA Code of Arbitration Procedure
4. The parties agree to abide by and perform any award(s) rendered pursuant to this Submission Agreement. The parties further agree that a judgment and any interest due thereon, may be entered upon such award(s) and, for these purposes, the parties hereby voluntarily consent to submit to the jurisdiction of any court of competent jurisdiction which may properly enter such judgment.
5. The parties hereto have signed and acknowledged the foregoing Submission Agreement.

Kira Pippert

Claimant Name (please print)

Kira Pippert — 7-30-09

Claimant's Signature — Date

State capacity if other than individual (*e.g.*, executor, trustee or corporate officer)

Claimant Name (please print)

Claimant's Signature — Date

State capacity if other than individual (*e.g.*, executor, trustee or corporate officer)

If needed, copy this page.

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FINRA ARBITRATION Submission Agreement

Claimant(s)

In the Matter of the Arbitration Between

Name(s) of Claimant(s)
Douglas Pippert, Kira Pippert and the Kira Pippert Revocable Trust

and

Name(s) of Respondent(s)
Michael Blake, Olympus Financial Advisors, Inc., and Ameritas Investment Corp.

1. The undersigned parties ("parties") hereby submit the present matter in controversy, as set forth in the attached statement of claim, answers, and all related cross claims, counterclaims and/or third-party claims which may be asserted, to arbitration in accordance with the FINRA By-Laws, Rules, and Code of Arbitration Procedure.
2. The parties hereby state that they or their representative(s) have read the procedures and rules of FINRA relating to arbitration, and the parties agree to be bound by these procedures and rules.
3. The parties agree that in the event a hearing is necessary, such hearing shall be held at a time and place as may be designated by the Director of Arbitration or the arbitrator(s). The parties further agree and understand that the arbitration will be conducted in accordance with the FINRA Code of Arbitration Procedure.
4. The parties agree to abide by and perform any award(s) rendered pursuant to this Submission Agreement. The parties further agree that a judgment and any interest due thereon, may be entered upon such award(s) and, for these purposes, the parties hereby voluntarily consent to submit to the jurisdiction of any court of competent jurisdiction which may properly enter such judgment.
5. The parties hereto have signed and acknowledged the foregoing Submission Agreement.

Kira Ann Pippert Revocable Trust
Claimant Name (please print)

Kira Ann Pippert-Trustee — 7-30-09
Claimant's Signature — Date
State capacity if other than individual (*e.g.*, executor, trustee or corporate officer)

Claimant Name (please print)

Claimant's Signature — Date
State capacity if other than individual (*e.g.*, executor, trustee or corporate officer)

If needed, copy this page.

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FINANCIAL INDUSTRY REGULATORY AUTHORITY
ARBITRATION

In the Matter of the Arbitration Between:

Douglas J. Pippert, Kira A. Pippert, and Kira A. Pippert, Trustee of the Kira Ann Pippert Revocable Trust

Claimants,

vs.

Michael Blake, Olympus Financial Advisors, Inc., Ameritas Investment Corp.,

Respondents.

FINRA Case No. _____

STATEMENT OF CLAIM

INTRODUCTION

1. Claimants bring this arbitration against Michael Blake (Blake), and his employers or principals, Olympus Financial Advisors, Inc. (Olympus), and Ameritas Investment Corp. (Ameritas) to recover damages Claimants sustained as a result of Respondents' breach of fiduciary duty as well as their negligent, reckless and fraudulent conduct in connection with the management of Claimants' investments. At all times relevant herein, Respondents were Claimants' financial advisors. In 2006 Claimants told Blake that they wanted to reduce their exposure to the risks and vagaries of the stock market and asked Blake to recommend a safe and secure alternative investment. Instead of recommending a safe and secure alternative such as a money market fund or fixed income investments, Blake recommended Claimants invest in several risky real estate ventures sponsored by a developer named Grace Communities. Respondents induced Claimants to make the investments in part by falsely claiming that the investments would be personally guaranteed by Grace Communities' principals and long-time associates of Blake, Donald Zeleznak (Zeleznak) and Jonathan Vento (Vento). Claimants were

told that Zeleznak's and Vento's combined net worth exceeded $180 million and the strength of their guarantees made the investments as close "as you could get" to an investment guaranteed by the Federal Government.

2. Claimants trusted Blake and over the course of about 18 months invested $1.5 million in several Grace Communities projects based on Blake's recommendations. Claimants received few if any investment documents at the time they made their investments. When Claimants were finally provided the documents in April 2008, it was too late. The Grace Communities projects Blake had recommended were insolvent, interest payments would be cut off, and contrary to Blake's representations, the investments were completely unsecured. In reality, respondents had induced the Claimants to invest nearly all of their liquid assets in a high-risk, unsecured Ponzi scheme. Blake admittedly performed no due diligence on the projects and neglected his professional responsibilities to the Claimants in a self-serving scheme to protect his own investments in the Grace Communities projects. Respondents have shown a complete disregard for Claimants' financial interests and Claimants must now be compensated for the damages they have suffered.

PARTIES AND JURISDICTION

3. Douglas J. Pippert and Kira A. Pippert are individual investors and Kira A. Pippert is Trustee of the Kira Ann Pippert Revocable Trust. The Claimants reside at 725 Ithaca Lane North, Plymouth, Minnesota 55447. Claimants became clients of Blake in August 2003 and through Blake are customers of Olympus and Ameritas.

4. Blake is, upon information and belief, a resident of Paradise Valley, Arizona. Since August 2003, Blake has been the Claimants' financial advisor and has managed their investments. Blake was, at all times relevant hereto, a registered representative acting within the

course and scope of his employment or agency for Olympus and Ameritas. Since at least June 30, 2006, Blake has been licensed to sell securities in the State of Minnesota.

5. Olympus is a Minnesota Corporation with a registered address of 16830 40th Place North, Plymouth, Minnesota 55446. Olympus has offices in Minneapolis, Minnesota; Scottsdale, Arizona; and Albuquerque, New Mexico. Upon information and belief, Blake works primarily out of the Olympus office in Scottsdale, Arizona. Blake is an employee of Olympus.

6. Ameritas is a Nebraska corporation and is authorized and licensed to operate as a registered broker-dealer in the State of Minnesota. It is registered with the Securities and Exchange Commission (SEC) and is a member of FINRA. Blake is a registered representative for Ameritas. On information and belief, Ameritas is a successor to Carillon Investments, Inc., with whom Doug and Kira Pippert opened a joint account through Blake in 2004. Carillon is no longer registered as a broker-dealer with FINRA and it is believed that Ameritas acquired all accounts of Claimants that had been opened through Blake with Carillon Investments, Inc.

7. FINRA has jurisdiction over this matter pursuant to the FINRA Code of Arbitration Procedures because this dispute involves public clients, members of FINRA and an associated person.

BACKGROUND

8. In or around August 2003, Claimants agreed to have Blake act as their certified financial planner. Blake and Olympus facilitated the transfer of all of the Claimants financial investments, including individual retirement accounts, stock certificates, money market accounts, mutual funds and 401k's into a consolidated account managed by Blake. Most of these assets, or proceeds therefrom, were deposited and held in an Ameritas account opened by Blake for the Kira Ann Pippert Revocable Trust.

9. In the last half of 2006, Claimants became concerned about the risk associated with their heavy concentration in the stock market and wanted to move a significant portion of their investments out of the stock market and into more secure and less-risky investments. Doug Pippert asked Blake to recommend some conservative alternative investments for a significant portion of their portfolio to support the Pipperts' planned retirement.

BLAKE ENCOURAGES CLAIMANTS TO INVEST IN GRACE COMMUNITIES.

10. In response to Doug Pippert's request, Blake informed Doug that he represented Grace Communities and that Claimants should invest in Grace Communities. Blake told Doug that he and others had invested in Grace Communities and received returns in excess of 40% in one to two years.

11. Blake owns Longest Drive, LLC. On information and belief, Blake uses Longest Drive, LLC to manage his equity investments in Grace Communities.

12. Blake had represented Grace Communities as a successful real estate developer that sold equity investments in its developments. In November of 2006, Blake informed Doug Pippert that Grace Communities was also offering interest-bearing loans at 15% to support the ongoing development of its projects. Blake also stated that Grace Communities' loans were nearly risk free and personally guaranteed by its principal partners, Zeleznak and Vento.

13. Doug Pippert asked Blake why Zeleznak and Vento would pay such a high interest rate and guarantee the loans. Blake responded that Zeleznak and Vento wanted to use their personal money for other investment opportunities. Blake stated that Vento and Zeleznak were two of his largest clients and had a net worth that exceeded $60,000,000 (Sixty Million Dollars) and $120,000,000 (One Hundred Twenty Million Dollars), respectively. As such, Blake assured Pippert that Zeleznak and Vento had sufficient assets to cover their guarantees.

14. Doug Pippert asked Blake about the risk associated with the loans. Blake responded by saying that the loans were as close as one could come to having a loan insured by the Federal Government because of the guarantees of Zeleznak and Vento.

A. Blake convinces Claimants to invest in the Burr Ridge Project.

15. In addition to the interest-bearing loans that Grace Communities offered on its projects, Blake also told Doug Pippert that there was an opportunity for a direct equity investment in one of their projects, the Burr Ridge Project, located outside of Chicago. Blake told Doug that Claimants could expect a 40% return on their investment in one or two years. Based solely on Blake's representations, Claimants initially agreed to make a $100,000 equity investment in the Burr Ridge Project. However, rather than investing directly in Burr Ridge, on July 7, 2006, Blake directed Doug Pippert to write a check to Blake's company, Longest Drive LLC, for $100,000. At the time of the investment, Claimants were not given any documentation or private placement memorandum disclosing the risks associated with the Burr Ridge Project or any information regarding Longest Drive LLC. Rather, Doug Pippert was simply given a one-page Account Application form for Longest Drive, LLC. Longest Drive LLC cashed the Claimants' $100,000 check.

B. Blake convinces Claimants to invest in the Romeoville Project.

16. On or around November 10, 2006, Claimants agreed to loan $700,000 to another Grace Communities project known as the Romeoville Project. Claimants agreed to this investment, as Blake assured them Romeoville was a great project and that Claimants loan was 100% personally guaranteed by Zeleznak and Vento. Blake told Doug Pippert that the loan would be for 18 months, pay 15% interest and would generate interest payments of $8,750 per month. At the time Claimants invested, they were not given any documents or private placement

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memorandum disclosing either the terms or the risks associated with the Romeoville loan. Instead, Claimants relied entirely on the representations made by Blake. Blake wired $700,000 directly to the Romeoville Project from the Kira Ann Pippert Revocable Trust account at Ameritas that Blake managed. Blake did not provide Claimants any documentation for this loan until April 2008, after Doug Pippert asked to see it. Contrary to Blake's express representations, the Romeoville promissory note was not personally guaranteed by either Zeleznak or Vento.

C. Blake convinces Claimants to invest in the Geneva Project.

17. In January 2007, Blake recommended that Claimants invest in yet another Grace Communities project. This project was known as the Geneva Project. Blake told Doug Pippert that this investment would be the same as Romeoville. That is, that the loan amount would be guaranteed by Zeleznak and Vento and pay 15% interest. Blake stated that the loan would be for 18 months and would generate interest payments of $3,750 per month.

18. Based on Blake's assurances, Claimants agreed to invest $300,000 in Geneva. On January 23, 2007, at Blake's direction, Doug Pippert wrote a $300,000 check to Grace Communities.

19. At the time Claimants made the loan for the Geneva Project, they relied entirely on Blake's representations and were not given any documentation or private placement memorandum disclosing either the terms or the risks associated with the Geneva Project.

20. As with the Romeoville Project, Claimants did not receive any documentation of the loan until April of 2008, after requesting to see the documents at a meeting with Blake. Contrary to Blake's representations, the promissory note for the loan to Geneva was not fully guaranteed by Zeleznak or Vento. Instead, Zeleznak and Vento had guaranteed the note only

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until escrow closed on the purchase of the land. After that, the only guarantee was from the maker of the promissory note, Geneva Office Investors LLC, essentially no guaranty at all.

D. Blake convinces the Claimants to invest in the Vernon Hills Project.

21. On January 30, 2007, Blake sent Doug an email informing him that Grace Communities was building condo projects in Elgin, Illinois and Vernon Hills, Illinois. Blake's email stated that Grace Communities wanted to raise $1,000,000 (One Million Dollars) for 18 months. Blake's email promised that Grace Communities would pay 15% annual interest and that the investment was "personally guaranteed by the two owners of Grace Communities" (Zeleznak and Vento).

22. On April 25, 2007, Blake and Doug Pippert met in person to review the Claimants' investment portfolio. Blake assured Doug that the investments with Grace Communities were sound and generating the promised, guaranteed income. At that point, the Claimants did not have additional investment funds. However, during the summer of 2007, Doug Pippert received severance compensation from his employer and sold some other investments, which generated additional cash. Blake convinced Claimants that $400,000 of these funds should also be invested in a Grace Communities project.

23. On October 1, 2007, Blake emailed Doug Pippert and informed him that Grace Communities had "room" for a $400,000 investment. Blake's email stated that the interest rate on the investment would be 15%, would generate "another $60,000 a year in income" and once again would be fully guaranteed by Zeleznak and Vento.

24. On October 17, 2007, Blake wired $400,000 from the Kira Ann Pippert Revocable Trust account held at Ameritas to Grace Communities to serve as payment for the Claimants' investment in the Vernon Hills, Illinois Project. As with the Romeoville and Geneva

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projects, neither Zeleznak nor Vento fully guaranteed the loan to the Vernon Hills Project. Instead, Zeleznak and Vento only guaranteed the note until escrow closed on the purchase of the land. Claimants did not receive a copy of the guarantee until April 2008 when they met in person with Blake and asked to see the loan documents and guarantees.

25. To summarize, Blake encouraged and convinced Claimants to invest nearly all of their liquid assets in four Grace Communities' Projects - Burr Ridge, Romeoville, Geneva and Vernon Hills. Claimants' total investment in the projects was $1,500,000. On information and belief, Blake played a critical role in obtaining funds for the Grace Communities projects and received compensation for this service, either in cash, equity or more favorable investment terms. It is believed that Blake also has a significant investment in these projects and used Claimants' funds to keep other project lenders at bay and protect his own investments with Zeleznak and Vento.

26. On April 18, 2008, Blake met with the Pipperts. Blake reiterated that the investments in Grace Communities were solid and performing well. At the same meeting, Blake finally provided Claimants copies of the promissory notes for each project. On information and belief, by then Grace Communities was simply operating as a Ponzi scheme, using new investor money to make interest payments to existing investors to keep investors at bay. These payments ensured that investors like Claimants would assume everything was going well and that their investments were safe.

27. Based on the 18-month term of the Romeoville Promissory Note, Claimants should have been returned their initial $700,000 investment on May 15, 2008. However, Blake convinced Claimants that the $700,000 investment in Romeoville should be extended or rolled over into another Grace Communities project known as the Elgin Illinois Project.

28. Claimants received what would be their last interest payment on or about May 15, 2008. They still had no reason to suspect the projects were in trouble and Blake continued to assure Claimants that everything was fine.

29. Based on Blake's recommendation and assurances, on May 19, 2008, Doug Pippert told Blake that he would consider putting $200,000 in the Elgin Project and leaving $500,000 in the Romeoville Project.

30. Around June 4, 2008, Blake emailed Doug Pippert and told him that Grace Communities had suspended payments on all promissory notes. Blake stated that the suspension was temporary, that the interest would accrue and that all interest and original investments would be repaid.

31. Blake knew or should have known that he faced significant exposure to the Claimants for the Grace Communities investments and the numerous misrepresentations he had made to induce Claimants to invest. To forestall any action by Claimants, Blake made numerous misrepresentations in an effort to lull Claimants into believing their investments were still safe and would be repaid. For instance, on June 12, 2008, Blake emailed Doug Pippert and other investors in Grace Communities telling them that Grace Communities just needed "breathing room" and that the Claimants and the other investors would be paid in full with interest. Blake also wrote that "a prayer or two would help."

32. On June 13, 2008, Blake falsely represented to Doug Pippert that Romeoville was completely built and 25% sold.

33. Despite Blake's attempts to reassure the Claimants, on June 16, 2008, Doug Pippert told Blake that he wanted $1,000,000 of their investments returned from Grace

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Communities. Doug Pippert stated that Claimants would leave $500,000 in Romeoville, believing Blake's assurances that their investment was still safe and secure.

34. Around July 9, 2008, Blake called Doug Pippert and again assured him that the Claimants' investments in Grace Communities were "100% secure." Blake knew, or should have known, that his representation was false and misleading and that Claimants' investments were completely unsecured and the Grace Communities' projects were insolvent and operating as a Ponzi scheme.

35. On August 13, 2008, Blake emailed Doug Pippert about the Claimants investments in Grace Communities. Blake provided Doug with a status report on the Romeoville, Geneva, and Vernon Hills Projects. Blake stated that Romeoville was 30% sold and that the Geneva and Vernon Hills projects were both under construction. Blake also stated that the Claimants' "money is not in jeopardy." In the same email Blake hinted, albeit inadvertently, that Grace Communities was little more than a Ponzi scheme, stating "Grace is actively trying to find replacement investors for your money."

36. In late September 2008, Doug Pippert personally visited the lead project managers on the Romeoville, Geneva, and Vernon Hills projects. At that time, Doug discovered that Blake's representations about the status of the projects were false and misleading. For instance, Doug learned that Romeoville was only 3% sold and that the Geneva and Vernon Hills projects were never under construction and had been shut down.

37. On December 9, 2008, Blake and Doug Pippert spoke on the telephone. For the first time, Blake admitted that Claimants' investments were not secure as he previously stated and that Claimants might lose their entire investment.

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38. From December, 2008 through March, 2009, Blake attempted to persuade Claimants to convert their loans in the Romeoville, Geneva and Vernon Hills Projects to an equity position in the Burr Ridge Project. Blake, Zeleznak and Vento refused to provide any financial data regarding Burr Ridge or any of the other projects and wanted Claimants to release Zeleznak and Vento and their agents (apparently including Blake) of any personal liabilities. Blake's actions in recommending Claimants convert their loans into equity investments and sign a release was a transparent attempt to avoid personal responsibility for his reckless advice and recommendations. During this time Claimants also learned that Zeleznak and Vento had been named in a number of lawsuits in California, Illinois and Arizona alleging Ponzi and "pump and dump" schemes.

39. On May 1, 2009, Doug Pippert and his accountant traveled to Phoenix to meet with Blake and asked him to return Claimants' money that he had invested with his cronies, Zeleznak and Vento. Blake refused to return the money, however, he admitted that he had performed no due diligence on the projects prior to soliciting Claimants' investments. Blake also admitted that he never reviewed the promissory notes or purported guarantees prior to soliciting Claimants' investments and in the case of the Romeoville and Vernon Hills projects, had simply wired the money directly from the Kira Ann Pippert Revocable Trust account with no questions asked. Blake also disclosed for the first time that he had an investment with Grace Communities in Hawaii that had not generated any income for five years. Essentially, Blake admitted that he had no reasonable basis for recommending the Grace Communities investments to Claimants.

40. Blake is a financial advisor, registered representative and a broker-dealer. Blake held himself out as an expert in his field and Olympus and Ameritas knew and had a duty to know about his misconduct. Claimants sought a safe and secure investment that would shield

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them from the volatility of the stock market. Instead, Blake recommended Claimants invest nearly all of their liquid assets in a high-risk, unsecured Ponzi scheme. Blake neglected his professional responsibilities to Claimants in a self-serving scheme to protect his own investments in Grace Communities.

COUNT ONE

(AGAINST ALL RESPONDENTS)

Violation of state securities laws

Minnesota law

Minn. Stat. § 80A.01

41. The State of Minnesota prohibits fraud and deception in the sale of securities. Under Minn. Stat. § 80A.01, respondents are liable if they merely acted negligently, and it is not necessary to show "scienter," (i.e. bad motive or recklessness). In Minnesota mere negligence may constitute a violation of the securities laws. See Sprangers v. Interactive Technologies, Inc., 394 N.W.2d 498, 503 (Minn. Ct. App. 1986).

42. Respondents violated Minn. Stat. § 80A.01 through their misconduct described herein by employing devices, schemes, and artifices to defraud, making untrue statements of material fact, and omitting to state material facts necessary to make the statements made not misleading, and engaging in acts, practices and courses of business which operated as a fraud or deceit.

Minn. Stat. § 80A.03

43. Respondents also violated Minn. Stat. § 80A.03, another anti-fraud provision of Minnesota's securities laws, which prohibits the use of any "manipulative, deceptive or other fraudulent device or contrivance."

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44. A person who violates the Minnesota securities laws is required by law, pursuant to Minn. Stat. § 80A.23, to pay the reasonable attorney's fees of the person whose rights were violated. This statute is the basis for Claimants' request for an award of their reasonable attorneys' fees.

45. As a direct and proximate result of Respondents violations of Minn. Stat. § 80A.01 et. seq., and rules promulgated thereunder, Claimants have suffered damages in an amount in excess of $1,500,000 plus attorney's fees for which Respondents are jointly and severally liable.

Minn. Stat. § 80A.68

46. For actions occurring after August 1, 2007 Minn. Stat. § 80A.68 makes Respondents liable if they merely acted negligently, and it is not necessary to show "scienter," (i.e. bad motive or recklessness). In Minnesota, mere negligence may constitute a violation of the securities laws. See Sprangers v. Interactive Technologies, Inc., 394 N.W.2d 498, 503 (Minn. App. 1986), review denied (Minn. 1986).

47. Respondents violated Minn. Stat. § 80A.69 through their misconduct described herein by employing devices, schemes, and artifices to defraud, making untrue statements of material fact, and omitting to state material facts necessary to make the statements made not misleading, and engaging in acts, practices and courses of business which operated as a fraud or deceit.

Minn. Stat. § 80A.69

48. By their actions occurring after August 1, 2007, Respondents also violated Minn. Stat. § 80A.69, which prohibits the use of any "manipulative, deceptive or other fraudulent device or contrivance" in the purchase or sale of securities.

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49. A person who violates the Minnesota securities laws is required by law, pursuant to Minn. Stat. § 80A.23, to pay the reasonable attorney's fees of the person whose rights were violated. This statute is the basis for Claimants' request for an award of their reasonable attorneys' fees.

50. As a direct and proximate result of respondents violations of Minn. Stat. § 80A.68 et. seq., and rules promulgated thereunder, Claimants have suffered damages plus attorney's fees for which Respondents are jointly and severally liable.

Arizona Law

A.R.S.§ 44-1991

51. Arizona law also makes it unlawful for a person, in connection with a transaction or transactions within or from Arizona involving an offer to sell or buy securities, or a sale or purchase of securities to directly or indirectly employ any device, scheme or artifice to defraud; to make any untrue statement of material fact or omit to state any material fact necessary in order to make the statements made in light of the circumstances under which they were made, not misleading; to engage in any transaction, practice or course of business that would operate as a fraud or deceit.

52. Respondents violated Arizona law through their misconduct described herein by employing devices, schemes, and artifices to defraud, making untrue statements of material fact, and omitting to state material facts necessary to make the statements made not misleading, and engaging in acts, practices and courses of business which operated as a fraud or deceit.

53. Respondents are jointly and severally liable to the Claimants for damages suffered by them in an amount in excess of $1,500,000.

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COUNT TWO

(AGAINST ALL RESPONDENTS)

Respondeat Superior

54. Olympus and Ameritas are also liable to Claimants as Blake's employer and/or principal under the common law doctrine of respondeat superior. Under this doctrine an employer/principal is liable for an employee's or agent's acts committed within the scope of employment or agency.

55. Blake was an employee and agent of Olympus and Ameritas and they authorized, ratified, induced, endorsed, and/or approved the acts complained of herein. Accordingly, Olympus and Ameritas are liable for Blake's misconduct.

COUNT THREE

(AGAINST ALL RESPONDENTS)

Negligent Supervision

56. Olympus and Ameritas had a non-delegable duty to supervise Blake, their agent and employee, to ensure Blake conducted himself in an ethical and proper manner with respect to Claimants' investments and to ensure that Claimants' investments were being handled properly and in accordance with their wishes.

57. Olympus and Ameritas breached their non-delegable duty of due care to supervise their agents, employees and registered representatives by failing to adequately supervise Blake with respect to Claimants' investments.

58. As a direct and proximate result the negligence of Olympus and Ameritas in failing to carry out their non-delegable duty to properly and adequately supervise Blake, Claimants suffered damages in an amount in excess of $1,500,000.

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COUNT FOUR

(AGAINST ALL RESPONDENTS)

Breach of Fiduciary Duty – Common Law

59. A fiduciary duty exists whenever one person has placed his or her trust and confidence in another person. A breach of fiduciary duty occurs when a fiduciary abuses the trust or superior influence to the damage of the other. In this case, Olympus, Ameritas, and Blake owed fiduciary duties to Claimants because they held themselves out as experts and skilled in matters of financial investments and portfolio management, by reason of their influence over Claimants' investments, and by reason of their representations to the Claimants, that they were experienced professionals working for Claimants' best interests. In short, Respondents owed a fiduciary duty to Claimants because Claimants trusted them to obey the law, abide by their promises and representations and at all times act in their best interests.

60. Respondents by and through their improper, wrongful and unlawful conduct, breached their fiduciary duty to Claimants. As a direct and proximate result of Respondents' breaches of their fiduciary duty and otherwise improper, wrongful and unlawful conduct, Claimants have suffered damages in an amount in excess of $1,500,000.

COUNT FIVE

(AGAINST ALL RESPONDENTS)

Breach of Fiduciary Duty – Minn. Stat. § 45.026

61. Respondents represented themselves orally and in writing as financial planners within the meaning of Minn. Stat. § 45.026. This statute defines "financial planner" broadly, and expressly makes such persons liable for breaches of fiduciary duty. That statute reads, in pertinent part:

(b) "Financial planner" means a person who on advertisement, cards, signs, circulars, letterheads, or in other manner, indicates that the person is a "financial planner," "financial counselor," "financial advisor," "investment counselor," "investment advisor," "financial consultant," or other similar designation, title, or combination is considered to be representing that the person is engaged in the business of financial planning.

Subd. 2. Fiduciary duty. Persons who represent that they are financial planners have a fiduciary duty to persons for whom services are performed for compensation. In an action for breach of fiduciary duty, a person may recover actual damages resulting from the breach, together with costs and disbursements."

62. Respondents performed services for compensation for Claimants.

63. Respondents held themselves out as financial advisors including describing themselves as providing "financial strategy", "financial advisors", and "providing financial services."

64. Respondents owed Claimants a statutory fiduciary duty to always act in Claimants' interest because they held themselves out as financial advisors,

65. As described herein, Respondents breached the statutory fiduciary duty they owed to Claimants.

66. Claimants were damaged as a result of Respondents' breach of their statutory fiduciary duty.

67. As a direct and proximate result of Respondents' breach of their statutory fiduciary duty, Claimants sustained damages in an amount in excess of $1,500,000.

COUNT SIX

(AGAINST ALL RESPONDENTS)

Negligence

68. Respondents owed Claimants a duty to act in a reasonable and prudent manner in handling their investments. The failure to act as a reasonable and prudent person would act under the same or similar circumstances is negligence.

69. Respondents, by their conduct, breached their duties of due care to Claimants in that they failed to act as reasonable and prudent persons would have acted in the same or similar circumstances.

70. As a direct and proximate result of Respondents' breaches of their non-delegable duty of due care, Claimants have suffered damages in an amount in excess of $1,500,000.

COUNT SEVEN

(AGAINST ALL RESPONDENTS)

Common Law Fraud

71. Respondents made material misrepresentations and omitted material facts as more fully set forth above.

72. Respondents made such misrepresentations and omissions with the intent to defraud Claimants.

73. Respondents knew such representations were false or made them in reckless disregard for their truth or falsity, or made them in circumstances under which Claimants were justified in relying on them.

74. Claimants reasonably, actually and justifiably relied upon Respondents' misrepresentations and acted without knowledge of their omissions.

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75. As a direct and proximate result of the misrepresentations and omissions of Respondents and other improper, wrongful and unlawful conduct, Claimants have suffered damages in an amount in excess of $1,500,000.

COUNT EIGHT

(AGAINST ALL RESPONDENTS)

Violation of FINRA Rule 2010

76. FINRA Rule 2010 provides: "A member, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade."

77. Respondents' conduct as described above violated FINRA Rule 2010.

78. Claimants were damaged as a result of Respondents' violations of FINRA Rule 2010.

79. Respondents are jointly and severally liable to Claimants for damages suffered by them in an amount in excess of $1,500,000.

COUNT NINE

(AGAINST ALL RESPONDENTS)

Punitive Damages

80. Respondents' actions demonstrated a deliberate disregard for the right of Claimants to have their investments handled in accordance with their wishes by their financial advisors.

81. In encouraging, recommending and allowing Claimants to invest in the Grace Communities projects, Respondents knew or intentionally disregarded facts that created a high probability that Claimants would be injured.

82. By representing to Claimants that their investments with Grace Communities

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were backed by personal guarantees. Respondents deliberately proceeded with indifference to the high probability that Claimants would be injured.

83. This arbitration panel should now punish Respondents for their misconduct and deter future wrongdoing by awarding Claimants punitive damages in excess of $1,500,000.

REQUESTED RELIEF

WHEREFORE, Claimants respectfully request the arbitration panel issue an award in their favor and against Michael J. Blake, Olympus Financial Advisors, Inc., and Ameritas Investment Corp., jointly and severally, as follows:

1. Awarding compensatory damages in the amount of $1,500,000.

3. Awarding punitive damages in an amount in excess of $1,500,000 to punish Respondents and to deter future abuses.

4. Awarding Claimants their reasonable attorneys' fees.

5. Awarding pre and post judgment interest on all damages awarded.

6. Awarding Claimants their costs, disbursements and expenses incurred in pursuing this arbitration, including expert witness fees.

8. Awarding such other relief, as the arbitrators deem just and equitable.

Dated: August 5, 2009

FRUTH, JAMISON & ELSASS, PLLC

By _____
Thomas E. Jamison (Atty. Reg. No. 220061)
Adam A. Gillette (Atty. Reg. No. 0328352)
3902 IDS Center
80 South Eighth Street
Minneapolis, MN 55402
Telephone: (612) 344-9700
Facsimile: (612) 344-9705

ATTORNEYS FOR CLAIMANTS

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#7

FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)
NOTICE OF ACCEPTANCE OF
OFFER OF SETTLEMENT

First Class, Certified Mail, Return Receipt Requested
And E-Mail

TO: Roger W. Hall, Esq.
Buchalter Nemer
16435 North Scottsdale Road, Suite 440
Scottsdale, AZ 85254-1754

FROM: FINRA, District No. 3A
4600 S. Syracuse Street, Suite 1400
Denver, CO 80237

DATE: September 9, 2013

RE: Offer of Settlement in Disciplinary Proceeding No. 2010021710501

Please be advised that the Offer of Settlement your client submitted in the above-referenced matter has been accepted by FINRA's National Adjudicatory Council (NAC) Review Subcommittee, or by the Office of Disciplinary Affairs on behalf of the NAC, pursuant to FINRA Rule 9270. Enclosed is the Order Accepting your Offer of Settlement.

Your client is again reminded of his obligation, if currently registered, to update immediately his Form U4 (Uniform Application for Securities Industry Registration or Transfer) to reflect the conclusion of this disciplinary action. Additionally, he must also notify FINRA in writing of any change of address or other changes required to be made to his Form U4.

You will be notified by the Registration and Disclosure Department regarding sanctions and by the Finance Department regarding the payment of any fine.

If you have any questions concerning this matter, please call the undersigned at (303) 446-3111.

Helen G. Barnhill
Senior Regional Counsel

Enclosure

EXHIBIT
S-21c
ADMITTED

#7

FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS

Department of Enforcement, Complainant, v. Michael James Blake (CRD No. 2022161), Respondent.	DISCIPLINARY PROCEEDING No. 2010021710501 Hearing Officer: MC

OFFER OF SETTLEMENT

I.

Respondent Michael James Blake (Respondent) makes this Offer of Settlement (Offer) to the Financial Industry Regulatory Authority (FINRA), with respect to the matters alleged by FINRA in Disciplinary Proceeding No. 2010021710501 filed on March 21, 2013 (Complaint), and amended on August 27, 2013, 2013 (Amended Complaint) and as amended by this Offer. Defined terms used herein have the same meaning as set forth in the Amended Complaint.

This Offer is submitted to resolve this proceeding and is made without admitting or denying the allegations of the Amended Complaint or the allegations set forth herein. It is also submitted upon the condition that FINRA shall not institute or entertain, at any time, any further proceeding as to the Respondent based on the allegations of the Amended Complaint as amended by this Offer, and upon further condition that it will not be used in this proceeding, in any other proceeding, or otherwise, unless it is accepted by the National Adjudicatory Council (NAC) Review Subcommittee, pursuant to FINRA Rule 9270.

II.

ORIGIN OF DISCIPLINARY ACTION

This disciplinary action arose from the filing of an Arbitration Statement of Claim naming the Respondent, in July 2009.

III.

ALLEGED ACTS OR PRACTICES AND VIOLATIONS BY RESPONDENT

As alleged in the Amended Complaint, as amended herein, Respondent engaged in the following acts, or failed to act as follows:

Respondent Michael James Blake, acting outside the course and scope of his employment with his employing member firms, participated in private securities transactions involving the investment of more than $3.2 million by approximately twenty-eight investors in three investment contracts, without providing prior written notice to his firms of his proposed roles in the transactions. As a result of the foregoing, the Respondent violated NASD Conduct Rules 3040 and 2110.

On numerous forms, Respondent misled his employing member firms regarding his involvement in the foregoing private securities transactions and his participation in the outside business activity through which the transactions were effected, in violation of NASD Conduct Rule 2110 and FINRA Rule 2010.

Finally, Respondent failed to disclose a separate, related outside business activity to his employing member firm, in violation of NASD Conduct Rules 3030 and 2110 and FINRA Rule 2010.

RESPONDENT AND JURISDICTION

The Respondent entered the securities industry in or about December 1989 as an associated person of ELA, a FINRA member. He became registered with that firm (which had since changed its name to AX) as an Investment Company and Variable Contracts Products Representative and Principal in February 1990 and January 1996, respectively, as a General Securities Representative in June 1999 and as a General Securities Principal in December 1999.

On November 1, 2002, the Respondent became registered with FINRA member firm Carillon Investments, Inc. ("Carillon") in each of the foregoing capacities. Respondent's association with Carillon ceased on or about June, 2006 when these same registrations were transferred to Ameritas Investment Corporation ("Ameritas").

On March 28, 2013, after the Complaint in this matter was filed, the Respondent's registration with Ameritas was terminated by means of a Form U5 stating the reason for termination as "other" and explaining that Respondent had retired from the Firm. Subsequently, on May 23, 2013, he became registered as an Investment Company and Variable Contracts Products Representative and Principal and as a General Securities Representative through Mid Atlantic Capital Corporation. Under Article V, Section 2 of FINRA's By-Laws, FINRA had jurisdiction to file this action because, at the time the Complaint was issued, he was registered and associated with Ameritas, a FINRA member; further, the Complaint charges him with misconduct committed while he was registered or associated with Ameritas and Carillon, also FINRA member firms.

FIRST CAUSE OF ACTION
Selling Away (Private Securities Transactions)
(NASD Conduct Rules 3040 and 2110)

In or about April 2002, the Respondent formed an LLC so that he and three friends could pool funds to invest in commercial real estate projects. In October 2002, the Respondent notified Carillon of the existence of the LLC in a letter dated October 16, 2002 and an Outside Business Activity Questionnaire ("OBA Form") which he submitted on or about October 21, 2002. In the two documents, Respondent disclosed the business as a "private investment" in commercial real estate development by him and four friends, two of whom were former clients of ELA. He further disclosed that he would not spend any time on the business, in which he had a twenty-percent interest and that he received no compensation from the business. Respondent further represented that, after the LLC selected a particular real estate project, its members would each write a check to the LLC and Respondent, who had signatory authority for the LLC's bank account, would in turn write a check to the real estate development project on behalf of the LLC. The outside business activity, as disclosed, was approved on October 16, 2002 by Carillon's Chief Compliance Officer.

By the summer of 2007, the LLC's size and scope had expanded beyond the several individuals who initially formed the entity, in that approximately twenty-five individuals, who were not members of the LLC, had provided funds to the LLC to make investments in real estate development projects through the LLC. None of these individuals signed a membership agreement with the LLC, and the LLC's Operating Agreement was never amended to reflect the addition of new members.

Between approximately February 2006 and June 2007, the LLC invested approximately $3,200,000 in real estate properties being developed by GC, a real estate development enterprise

organized as a limited liability company. The invested funds were provided by twenty-eight investors as follows: six persons invested $250,000 in Development 1 between August and November 2006; three persons invested $200,000 in Development 2 in October and November 2006 and twenty-three persons invested approximately $2,755,000 in Development 3 between February 2006 and June 2007 (collectively, the "LLC Investments"). Twelve of these investors were customers of Carillon and/or Ameritas at the time of their respective investments. The Respondent personally invested in each of these three projects.

Respondent participated in the sale of the LLC Investments by soliciting investors, receiving, processing and forwarding the funds that were invested, providing the investors with documentation evidencing their investments, functioning as the point of contact between the investors and GC, apprising the investors of the status of the LLC Investments and causing the preparation of Schedule K1 forms.

The Respondent completed Ameritas Annual Compliance Questionnaires ("Questionnaires") on September 18, 2006, October 1, 2007, July 31, 2008 and June 28, 2009. In each of the Questionnaires, the Respondent answered "yes" when asked if he understood he was not permitted to commingle his funds with a client's funds and that he was not to accept a client's check made payable to him or any entity or person associated with him for a securities transaction. Even after answering "yes" to these questions on September 18, 2006, the Respondent continued to accept checks made payable to the LLC and in October and November 2006, he commingled his funds with client's funds in the LLC's bank account.

Each LLC Investment involved the purchase of a security in the form of an investment contract. Each entity in which an LLC Investment was made was a common enterprise in which

investor funds were pooled. The investors' returns were to be derived wholly from the efforts of the LLC Investment entity and its manager, GC.

Respondent effected the LLC Investments outside the regular course and scope of his employment with Carillon and Ameritas. Therefore, the transactions are private securities transactions.

The Respondent never advised Carillon or Ameritas orally or in writing that he was participating in the private securities transactions described above. To the contrary, as set forth below, between 2006 and 2008, he indicated each year, in annual compliance questionnaires, that he had not engaged in private securities transactions.

GC filed for bankruptcy in 2009. To date, none of the investors in the LLC Investments have received a return of their principal or any interest or other payments.

As a result of the foregoing, the Respondent participated in private securities transactions without providing to Ameritas and Carillon prior written notice in the form required by NASD Conduct Rule 3040, as required by NASD Rule 3040(b). He therefore violated NASD Conduct Rules 3040 and 2110.

SECOND CAUSE OF ACTION
(Providing False Information to Member Firm Employer and Omitting to Correct Inaccurate Information)
(NASD Rule 2110 and FINRA Rule 2010)

As noted above, the Respondent completed Questionnaires on September 18, 2006, October 1, 2007, July 31, 2008 and June 28, 2009. In each of the Questionnaires he falsely answered "no" when asked if he had engaged in private securities transactions.

The Respondent did disclose the LLC as an outside business in OBA Forms on August 31, 2003, September 8, 2004, March 14, 2005 and October 1, 2007. However, the Respondent

did not disclose the LLC as an outside business in OBA Forms which he completed on September 18, 2006 and July 31, 2008, inquiring into all of his outside business activities.

The size, scope and activity of the LLC changed significantly after Respondent's initial disclosure in 2002 that he and four friends had formed an entity to invest in commercial real estate. By 2007, the LLC had become an investment vehicle for approximately 25 other individuals to pool funds for investments in various real estate development projects and Respondent was substantially involved in this expanded business. These changes caused the initial disclosure to become inaccurate and, given the nature and extent of its activities, misleading. Respondent did not amend or update the outside business disclosure concerning the LLC at any time.

By providing false and incomplete information on compliance questionnaires and by failing to update and correct his outside business disclosure, as described above, Respondent misled Ameritas. By misleading the firm, the Respondent deprived his employer of information that could have resulted in the detection of his participation in private securities transactions, notwithstanding his failure to make an affirmative disclosure in the Questionnaires.

By providing false and misleading information to Ameritas from September 2006 through December 14, 2008, Respondent violated NASD Conduct Rule 2110. By providing false and misleading information to Ameritas from December 15, 2008 through June 28, 2009, Respondent violated FINRA Rule 2010.

THIRD CAUSE OF ACTION
Outside Business Activities—Failure to Comply with Rule Requirements
(NASD Conduct Rules 3030 and 2110 and FINRA Rule 2010)

Respondent caused a second limited liability company to be created and to be incorporated in Arizona on or about November 29, 2006 ("LLC II"). Respondent was the Managing Member of LLC II, owning twenty percent or more of the business. LLC II was set up so that any investments made after Development 3 would be made through that entity instead of the first LLC. Respondent closed LLC II in or about November 2010. The Respondent failed to provide Ameritas with any notice at all, including written notice, of LLC II.

As to conduct occurring from November 29, 2006 through December 14, 2008, the Respondent's failure to provide prompt written notice of LLC II to Ameritas violated NASD Conduct Rules 3030 and 2110. As to conduct occurring from December 15, 2008 through November 30, 2010, the Respondent's failure to provide prior written notice of LLC II to Ameritas violated NASD Conduct Rule 3030 and FINRA Rule 2010.

IV.

Pursuant to the conditions set forth herein, Respondent consents to the issuance of an Order Accepting Offer of Settlement (Order) and disposing of this proceeding in the following manner:

A. Without admitting or denying the allegations, 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, to the entry of findings of facts and violations by Respondent as set forth above in Section III; and,

B. Imposing sanctions of a one-year suspension in all capacities from associating with a FINRA member firm and a $10,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this Offer has been accepted and that such payments are due and payable. Respondent has submitted an Election of Payment form showing the method by which he proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim that he is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes 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, Respondent 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 herein shall be effective on a date set by FINRA staff.

V.

In connection with the submission of this Offer, and subject to the provisions herein, Respondent specifically waives the following rights provided by FINRA's Code of Procedure:

A. any right to a hearing before an Adjudicator (as defined in FINRA Rule 9120(a)), and any right of appeal to the NAC, the U.S. Securities and Exchange Commission, or the U.S.

Court of Appeals, or any right otherwise to challenge or contest the validity of the Order issued, if the Offer and the Order are accepted;

B. any right to claim bias or prejudgment by the Chief Hearing Officer, Hearing Officer, a hearing panel or, if applicable, an extended hearing panel, a panelist on a hearing panel, or, if applicable, an extended hearing panel, the General Counsel, the NAC, or any member of the NAC; and

C. any right to claim a violation by any person or body of 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 the Offer and the Order or other consideration of the Offer and Order, including acceptance or rejection of such Offer and Order.

VI.

Respondent understands that:

A. the Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Respondent;

B. the Order will be made available through FINRA's public disclosure program in response to public inquiries about Respondent's disciplinary record;

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

D. Respondent 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 allegation in the Amended Complaint as amended herein or create the impression that the

Amended Complaint as amended herein is without factual basis. Respondent 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 allegation in the Amended Complaint as amended herein. Nothing in this provision affects Respondent's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

Respondent certifies that he has read and understands all of the provisions of this Offer and has been given a full opportunity to ask questions about it; that he has agreed to its provisions voluntarily; and that no offer, threat, inducement or promise of any kind or nature, other than the terms set forth herein, has been made to induce him to submit it.

5-29-13
Date

Michael James Blake

Roger W. Hall
Counsel for Respondent
Buchalter, Nemer, A Professional Corporation
16435 North Scottsdale Road, Suite 440
Scottsdale, AZ 85254-1754
Direct Dial: (480) 383-1845
Direct Fax: (480) 383-1602
Email: rhall@buchalter.com

ELECTION OF PAYMENT FORM

Respondent intends to pay the fine set forth in the attached Offer of Settlement by the following method (check one):

- ☐ A personal, business or bank check for the full amount;
- ☐ Wire transfer;
- ☒ Credit card authorization for the full amount;[1] or
- ☐ The installment payment plan (only if approved by FINRA staff and the Office of Disciplinary Affairs).[2]

Respectfully submitted,

3-29-13
Date

Michael J. Blake

[1] You may pay a fine of $50,000.00 or less using a credit card. Only Mastercard, Visa and American Express are accepted for payment by credit card. If this option is chosen, the appropriate forms will be mailed to you, with an invoice, by FINRA's Finance Department. Do not include your credit card number on this form.

[2] The installment payment plan is only available for fines of $5,000 or more. Certain interest payments, minimum initial and monthly payments, and other requirements apply. You must discuss these terms with the FINRA staff prior to requesting this method of payment.

EXHIBIT 9

#12

Carillon Investments, Inc.

Receipt for *Printed Version*

"Compliance Guide for Registered Representatives"

I hereby certify that I have received the Carillon "Compliance Guide for Registered Representatives." I further certify that I am familiar with the contents of the Guide and I agree to abide by the rules and procedures contained therein. I am aware that I will be notified when the Guide is amended or updated, and I agree to review and adhere to such updates.

Michael J Blake CLF
Signature

11/9/02
Date

Michael J. Blake, CLF
Printed Name

076255
RR Number

EXHIBIT
S-22
ADMITTED

Carillon Investments, Inc.
1876 Waycross Rd.
Cincinnati, OH 45240

2003 Annual Certification for Registered Representatives

This certification confirms my understanding and continuing compliance with the rules of Carillon Investments Inc. (Carillon) and with federal, state and NASD regulations that are applicable to Registered Representatives and registered principals. Among these responsibilities are the following:

General Requirements

- I am responsible for maintaining the accuracy of the information on my NASD Form U4.
- I must report to Carillon all my outside business activities, including insurance company appointments.
- I must report to Carillon all personal investment accounts with outside financial institutions.
- I may not discuss, recommend or engage in any private securities transactions with clients and I cannot promote or induce others to invest in private securities.
- I may not engage in manipulative, deceptive, or other fraudulent activities.
- I must notify my supervisor and Carillon immediately in the event of a customer complaint or my involvement in legal, regulatory or disciplinary proceeding or sanctions.
- I may not settle customer complaints directly with any clients.
- I have received a copy of Carillon's Compliance Guide for Registered Representatives (or I have accessed the electronic version) and agree to abide and conduct my securities business by its contents.
- I must complete firm element continuing education each year, and must complete the regulatory element of continuing education when required by NASD rules.
- I must notify Carillon immediately if I am ever contacted or visited by an individual associated with a securities or insurance regulatory body. I may not respond in writing directly with regulatory bodies without first obtaining approval from Carillon.
- I agree to abide by Carillon's Privacy Policy regarding client confidential personal information, account records and other financial information.
- I agree to conduct my business activities in accordance with Carillon's Anti-Money Laundering and Customer Identification Programs designed to be in compliance with the USA Patriot Act.

Sales Activities

- I may only sell the specific securities products I have been authorized to sell by Carillon.
- I may not offer market-timing services, arrange or sell viatical settlement contracts, offer promissory notes or Hedge funds.
- I may not share my equity product commissions, including VA and VUL commissions, in any form with or pay finder fees to anyone except with the authorization of Carillon.
- I understand that only Investment Adviser Representatives, who have the necessary federal or state registrations and approvals, can offer investment advisory products and services, and charge fees for financial planning activities.
- I understand that I may not charge any fees for any of my services unless I have received specific prior approval from Carillon.
- I understand that I must avoid selling mutual funds at, or near, sales charge breakpoints.
- I understand that for mutual fund transactions, I must make inquiries to clients regarding Letters of Intent and other household accounts for purposes of account linkage in order to attain breakpoints.

- I must make proper recommendations and satisfy Carillon disclosure requirements with respect to Class A, B and C shares and that the choice of share classes cannot be based on the amount of compensation to be received. This applies to all products where various share classes are available, including mutual funds and variable annuities.
- I must explain to my clients all fees and expenses associated with any investment I am presenting to them.
- I am prohibited from "churning" or "twisting" client funds or investments.
- I understand that all replacement activity must be accompanied by Form UCL 5005, and that I must provide a full explanation for the replacement and demonstrate that it is in the best interest of the client.
- I must furnish a current unmarked prospectus (paper or CD format where appropriate) when offering variable products and mutual funds.
- I may only use advertisements and sales materials that have been approved by Carillon.
- I must follow Carillon's procedure with respect to incoming correspondence review and submission.
- I must provide to my manager and to Carillon a copy of all my outgoing securities-related correspondence, including copying Carillon's Compliance Officer or Manager on all securities related electronic communications (email).
- My product and investment recommendations must be suitable in light of a client's needs and objectives, financial resources, capacity for risk tolerance and understanding, and investment horizon.
- I may not accept cash as payment for securities products; I may not commingle client funds; I must promptly submit to Carillon all applications, payments and remitances. I can only accept checks made payable to Carillon, NFS or the product sponsor.
- I may not arrange loans for a client for the purpose of purchasing securities.
- I must deliver all variable annuity and variable universal life contracts to the client in a timely manner.
- I understand that discretionary accounts and related powers of attorney are prohibited unless approved by Carillon; that serving in a trustee capacity for clients is prohibited unless an exception in granted by Carillon.
- I am aware that I must obtain authorization from Carillon prior to participating in any off-site educational conferences and activities sponsored by securities or variable insurance product wholesalers, issuers or sponsors.

Print Name: Michael J. Blake Rep No.: 076255

Signature: Michael J Blake Date: 6/24/03

Special Certification for Supervisors Only

I must discharge my supervisory responsibilities according to Carillon's policy and in accordance with regulations. I must properly supervise all assigned offices and Registered Representatives assigned to me. I must promptly notify Carillon if any Registered Representative terminates. I must provide for the proper maintenance of required books and records.

Signature: _____ Date: _____

Rev. 01/27/2003

 Blake

Carillon Investments, Inc.

Receipt for *CD Version of Carillon's:*

"Compliance Manual for Registered Reps"
"Compliance Guide for Supervisors"
"Operations Manual"
"Product Book"

I hereby certify that I have received a copy of Carillon Investments' manuals on CD. As to the contents of the "Compliance Manual for Registered Reps", I further certify that I am familiar with its contents and agree to abide by the rules and procedures contained therein.

Signature

3-6-03
Date

Michael Blake
Printed Name

076255
RR Number

Michael Blake

Carillon Investments, Inc.
1876 Waycross Rd.
Cincinnati, OH 45240

2004 Annual Review Certification

This certification confirms my understanding and continuing compliance with the rules of Carillon Investments Inc. (Carillon) and with federal, state and NASD regulations that are applicable to Registered Representatives and registered principals. Among these responsibilities are the following:

General Requirements

- I am responsible for maintaining the accuracy of the information on my NASD Form U4.
- I must report to Carillon all my outside business activities, including insurance company appointments.
- I must report to Carillon all personal investment accounts with outside financial institutions other than mutual funds and variable contracts.
- I may not discuss, recommend or engage in any private securities transactions with clients or prospects and I cannot promote or induce others to invest in private securities.
- I may not engage in manipulative, deceptive, or other fraudulent activities.
- I must notify my supervisor and Carillon immediately in the event of a customer complaint or my involvement in legal, regulatory or disciplinary proceeding or sanctions.
- I may not settle customer complaints directly with any clients.
- I have received a copy of Carillon's Compliance Guide for Registered Representatives (or I have accessed the electronic version) and agree to abide and conduct my securities business by its contents.
- I must complete Carillon's firm element continuing education each year, and must complete the regulatory element of continuing education when required by NASD rules.
- I must notify Carillon immediately if I am ever contacted or visited by an individual associated with a securities or insurance regulatory body. I may not respond in writing directly with regulatory bodies without first obtaining approval from Carillon.
- I agree to abide by Carillon's Privacy Policy regarding client confidential personal information, account records and other financial information
- I agree to conduct my business activities in accordance with Carillon's Anti-Money Laundering and Customer Identification Programs designed to be in compliance with the USA Patriot Act.

Sales Activities

- I will not engage in "selling away" and only sell the specific securities products I have been authorized to sell by Carillon.
- I may not offer market-timing services, arrange or sell viatical settlement contracts, offer promissory notes or life settlements.
- I may not share my equity product commissions, including VA and VUL commissions, in any form or pay finder fees to anyone except with the authorization of Carillon.
- I understand that only Investment Adviser Representatives, who have the necessary federal or state registrations and approvals, can offer investment advisory products and services, and charge fees for financial planning activities.
- I understand that I may not charge any fees for any of my services unless I have received specific prior approval from Carillon.
- I understand that I must avoid selling mutual funds at, or near, sales charge breakpoints and I must provide clients the proper breakpoints for their purchases.
- I understand that for mutual fund transactions, I must make inquiries to clients regarding Letters of Intent and other household accounts for purposes of account linkage in order to attain breakpoints (Rights of Accumulation).

CARILLON INV 12/20/04 14:23

Rev. 02/04

- I must make proper recommendations and satisfy Carillon disclosure requirements with respect to Class A, B and C shares and that the choice of share classes cannot be based on the amount of compensation to be received. This applies to all products where various share classes are available, including mutual funds and variable annuities.
- I am prohibited from "churning" or "twisting" client funds or investments.
- I understand that all replacement activity must be accompanied by Form UCL 5005, and that I must provide a full explanation for the replacement and demonstrate that it is in the best interest of the client.
- I must furnish a current unmarked prospectus (paper or CD format where appropriate) when offering variable products, mutual funds and other products requiring it.
- I may only use advertisements and sales materials that have been approved by Carillon.
- I must follow Carillon's procedure with respect to incoming correspondence review and submission. This includes electronic correspondence.
- I must provide to my manager and to Carillon a copy of all my outgoing securities-related correspondence.
- With respect to emails (electronic correspondence), I must copy Carillon's special mailbox (cii@carilloninvest.com) on all emails received and sent, which pertain to securities and broker-dealer issues.
- My product and investment recommendations must be suitable in light of a client's needs and objectives, financial resources, capacity for risk tolerance and understanding, and investment horizon.
- I may not accept cash or money orders as payment for securities products; I may not commingle client funds; I must promptly submit to Carillon all applications, payments and remittance. I can only accept checks made payable to Carillon, NFS or the product sponsor.
- I may not arrange loans for a client for the purpose of purchasing securities.
- I may not borrow from or lend funds to a person who is a client of Carillon
- I must deliver all variable annuity and variable universal life contracts to the client in a timely manner.
- I understand that discretionary accounts and related powers of attorney are prohibited unless approved by Carillon; that serving in a trustee capacity for clients is prohibited unless an exception in granted by Carillon.
- I am aware that I must obtain authorization from Carillon prior to participating in any off-site educational conferences and activities sponsored by securities or variable insurance product wholesalers, issuers or sponsors.

CARILLON INC 122004 14423

Print Name: Michael Blake Rep No.: 076255

Signature: [signature] Date: 12/10/04

Special Certification for Supervisors Only

I must discharge my supervisory responsibilities according to Carillon's policy and in accordance with regulations. I must properly supervise all assigned offices and Registered Representatives assigned to me. I must promptly notify Carillon if any Registered Representative terminates. I must provide for the proper maintenance of required books and records.

Signature: [signature] Date: 12/10/04 AM 12/29/04

Rev. 02/04 was the agency business card & letterhead, which have been approved

Carillon
Investments, Inc.
1876 Waycross Rd
Cincinnati, OH 45240

2005 Annual Review Certification

This certification confirms my understanding and continuing compliance with the rules of Carillon Investments Inc. (Carillon) and with federal, state and NASD regulations that are applicable to Registered Representatives and registered principals. Among these responsibilities are the following:

General Requirements

- I am responsible for maintaining the accuracy of the information on NASD Form U4 on a timely basis.
- I must report to Carillon all my outside business activities.
- I must report to Carillon all personal investment accounts with outside financial institutions other than mutual funds and variable contracts.
- I may not discuss, recommend or engage in any private securities transactions with clients or prospects and I cannot promote or induce others to invest in private securities.
- I may not engage in manipulative, deceptive, or other fraudulent activities.
- I must notify my supervisor and Carillon immediately in the event of a customer complaint or my involvement in legal, regulatory or disciplinary proceeding or sanctions.
- I may not settle customer complaints directly with any clients.
- I have access to the electronic version of Carillon's Written Supervisory Procedures for Registered Representatives and agree to abide and conduct my securities business by its contents.
- I must complete Carillon's firm element continuing education each year, and must complete the regulatory element of continuing education when required by NASD rules.
- I must notify Carillon immediately if I am ever contacted or visited by an individual associated with a securities or insurance regulatory body. I may not respond in writing directly with regulatory bodies without first obtaining approval from Carillon.
- I agree to abide by Carillon's Privacy Policy regarding client confidential personal information, account records and other financial information
- I agree to conduct my business activities in accordance with Carillon's Anti-Money Laundering and Customer Identification Programs designed to be in compliance with the USA Patriot Act.
- I agree to conduct my business activities in accordance with Carillon's Do Not Call Policies and Procedures.

Sales Activities

- I will not engage in "selling away" and only sell the specific securities products I have been authorized to sell by Carillon.
- I may not offer market-timing services, arrange or sell viatical settlement contracts, offer promissory notes or life settlements.
- I may not share my equity product commissions, including VA and VUL commissions, in any form or pay finder fees to anyone except with the authorization of Carillon.
- I understand that only Investment Adviser Representatives, who have the necessary federal or state registrations and approvals, can offer investment advisory products and services, and charge fees for financial planning activities.
- I understand that I may not charge any fees for any of my services unless I have received specific prior approval from Carillon.
- I understand that I must avoid selling mutual funds at, or near, sales charge breakpoints and I must provide clients the proper breakpoints for their purchases.
- I understand that for mutual fund transactions, I must make inquiries to clients regarding Letters of Intent and other household accounts for purposes of account linkage in order to attain breakpoints (Rights of Accumulation).

Rev 01/05

- I must make proper recommendations and satisfy Carillon disclosure requirements with respect to Class A, B and C shares. I understand that the choice of share classes cannot be based on the amount of compensation to be received. This applies to all products where various share classes are available, including mutual funds and variable annuities.
- I am prohibited from "churning" or "twisting" client funds or investments.
- I understand that Form UC 5005 (Switch/Exchange Form) must accompany all replacement activity, and that I must provide a full explanation for the replacement and demonstrate that it is in the best interest of the client.
- I must furnish a current unmarked prospectus (paper or CD format where appropriate) when offering variable products, mutual funds and other products requiring it.
- I may only use securities related advertisements and sales materials that have been approved by Carillon.
- I must follow Carillon's procedure with respect to incoming correspondence review and submission. This includes electronic correspondence.
- I must provide to my manager and to Carillon a copy of all my outgoing securities-related correspondence.
- With respect to emails (electronic correspondence), I must copy Carillon's special mailbox (cii@carillonjnvest.com) on all emails received and sent, which pertain to securities and broker-dealer issues.
- My product and investment recommendations must be suitable in light of a client's needs and objectives, financial resources, capacity for risk tolerance and understanding, and investment horizon.
- I may not accept cash or money orders as payment for securities products; I may not commingle client funds; I must promptly submit to Carillon all applications, payments and remittance. I can only accept checks made payable to Carillon, NFS or the product sponsor.
- I may not arrange loans for a client for the purpose of purchasing securities.
- I may not borrow from or lend funds to a person who is a client of Carillon.
- I must deliver all variable annuity and variable universal life contracts to the client in a timely manner.
- I understand that discretionary accounts and related powers of attorney are prohibited unless approved by Carillon; that serving in a trustee capacity for clients is prohibited unless an exception in granted by Carillon.
- I am aware that I must obtain authorization from Carillon prior to participating in any off-site educational conferences and activities sponsored by securities or variable insurance product wholesalers, issuers or sponsors. This does not include marketing meetings in your immediate geographic area for which you are paying your own expenses to attend but meals are provided by the product sponsors.
- I am aware that I must obtain authorization from Carillon prior to holding customer marketing or appreciation events subject to reimbursements from securities product sponsors.

Print Name: Michael J. Blake Rep No.: 076255

Signature: Michael Blake Date: 12-8-05

Special Certification for Supervisors Only

I must discharge my supervisory responsibilities according to Carillon's policy and in accordance with regulations. I must properly supervise all assigned offices and Registered Representatives assigned to me. I must promptly notify Carillon if any Registered Representative terminates. I must provide for the proper maintenance of required books and records.

Signature: _____ Date: _____

Rev. 01/05

Policies & Procedures Manual Acknowledgement Form

Exit this survey >>

1.

As a Registered Representative of Ameritas Investment Corp. (AIC), I hereby acknowledge that I have read the AIC Policies and Procedures Manual, including the section on Insider Trading and prohibited activities. I agree to abide by the policies and rules of conduct of AIC as stated therein.

I further agree that I will:

***1. Provide professional, timely, accurate and easy-to-obtain service that satisfies the needs of customers and associates.**

- ○ Yes
- ○ No

***2. Seek ways to determine and then exceed the expectations of customers and associates.**

- ○ Yes
- ○ No

***3. Place the interests of customers above my own interests.**

- ○ Yes
- ○ No

***4. Recommend products that satisfy the needs and goals of customers.**

- ○ Yes
- ○ No

***5. Promptly notify my Supervising Principal or the Compliance Department regarding any dissatisfaction expressed by customers or associates.**

- ○ Yes
- ○ No

***6. Deal fairly, respectfully, and ethically with customers, suppliers, competitors, company officers and associates.**

- ○ Yes

survey title:
Policies & Procedures Manual Acknowledgement Form

current report: Default Report

Active Filter: My New Filter
Total: 2,476
Filtered: 4

Edit Filter
Unapply Filter

Displaying 4 of 4 respondents

Select a page to view below or view all pages:
#2.

Response Type: Normal Response
Collector: PPM Acknowlegement Form (Web Link)
Custom Value: *empty*
IP Address: 24.251.225.38
Response Started: Friday, October 5, 2007 4:04:00 PM
Response Modified: Friday, October 5, 2007 4:04:59 PM

1. Digital Signature
Name: - Michael Blake
Rep Number: - 076255

Exit this survey >>

PPM Acknowledgement - 2009

As a Registered Representative of Ameritas Investment Corp. (AIC), I hereby acknowledge that I have read the AIC Policies and Procedures Manual dated 06/09, including the section on Insider Trading and prohibited activities, as well as any Compliance Alerts issued subsequent to the date of the Policies and Procedures Manual. I agree to abide by the policies and rules of conduct of AIC as stated therein.

I further agree that I will:

- Provide professional, timely, accurate, and attainable service that satisfies the needs of customers and associates;

- Seek ways to determine and then exceed the expectations of customers and associates;

- Place the interests of customers above my own interests;

- Recommend products that satisfy the needs and goals of customers;

- Promptly notify my Supervising Principal or the Compliance Department regarding any dissatisfaction expressed by customers or associates;

- Deal fairly, respectfully, and ethically with customers, suppliers, competitors, company officers, and associates;

- Refrain from taking advantage of anyone through manipulation, concealment, abusive language, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice;

- Refrain from criticizing or disparaging competitors;

- Achieve and maintain the highest levels of professional competence;

- Complete all required training and continuing education program requirements within the stated deadlines.

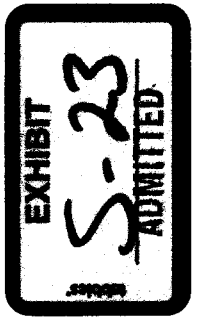
By executing this form electronically, I confirm the completion of this acknowledgement as my legally valid signature:

*

0030

- Annual Compliance Questionnaires (2003-2010)
- Alerts (2)
- Newsletters (3)

7/18/11 Response #6 7010



Respondent: Michael Blake
Address:

, ,
Phone:
Email: mblake@ofapeak.us
Date Completed: 2003-08-31 14:53:40.143

2003 Annual Compliance Questionnaire

U-4 Form Updates

1. Has your home address or business address changed in the last year?

Yes

1.1. If yes, have you reported the address change to Carillon?

Yes

2. Are you now or while at Carillon have you been the subject of any oral or written customer complaints?

No

3. Have you ever settled complaints directly with clients without the knowledge of Carillon?

No

4. Are you now or while at Carillon have you been involved in any type of regulatory inquiry or investigation, or has the SEC, the NASD, any exchange or state regulatory body sanctioned you?

No

5. Are you now or while at Carillon have you been involved in any investment-related civil litigation, arbitration or administrative proceeding?

No

6. During your association with Carillon, have any judgments or liens been entered against you?

No

7. During your association with Carillon, have you or any organization that you controlled filed for voluntary bankruptcy or entered into a compromise with creditors?

No

8. While associated with Carillon, have you ever been arrested, arraigned, charged or indicted for any criminal offense (except for minor traffic violations)?

No

9. While associated with Carillon, have you been convicted of, or pled guilty or no contest to any felony?

No

10. **While associated with Carillon, 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 Carillon, have you legally changed your name?**

    No

12. **Do you conduct your securities business from a permanent location other than the agency office?**

    No

Private Securities Transactions

1. **While associated with Carillon, have you engaged in any private securities transactions?**

   No

2. **Do you, your spouse, your dependent children or any other relative or person to whom you provide financial support have any account or an interest in a securities account at any securities firm other than Carillon?**

   No

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. **In connection with sales of mutual funds, do you explain the difference between fund class shares (A, B and C classes) and the charges and fees associated with each?**

   Yes

5. **When selling A share mutual funds, do you inquire about the client's existing mutual fund holdings for purposes of linking accounts and reducing front-end sales charges?**

   Yes

6. **When selling A share mutual funds, do you explain letters of intent to your clients for purposes of reducing front-end sales charges?**

   Yes

0350

7. **Do you advise clients of mutual fund breakpoints and maintain documentation in your files evidencing that you have done so?**

   Yes

8. **In connection with the sale of mutual funds, do you explain the charges, risks and long-term nature of the investment prior to or at the time of sale of the fund to the client?**

   Yes

9. **Do you recommend to your clients that they invest in any individual stocks or bonds?**

   No

10. **Do you exercise discretionary trading authority for any of your client's accounts?**

    No

11. **Do you ensure that any securities products that you recommend to your clients are suitable in light of their investment objectives, financial situation and investment experience?**

    Yes

12. **Do you limit your discussion of securities products with clients to the facts and information contained in the current prospectus and/or other approved sales material for the products?**

    Yes

Business Practices

1. **Do you ensure that all new account documents, including appropriate disclosures and acknowledgements, 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 when you learn of changes in a client's circumstances that should be recorded on the new account documentation?**

   Yes

3. **Do you ensure that all variable contract and mutual fund applications are transmitted to Carillon no later than the business day following the day on which the application or form is completed?**

   Yes

4. **Do you ensure that all customer funds or securities are transmitted no later than the business day following the day on which the funds are received?**

   Yes

5. **Do you update the Checks/Securities Received Blotter for every transaction processed through your office?**

   Yes

6. **Do you ensure that initial payments or premiums are only made by a check made payable to Carillon Investments, Inc., the product vendor or clearing firm?**

   Yes

7. **Do you obtain appropriate documentation in connection with a client's replacement of one insurance product for another (state replacement forms)?**

   Yes

8. **Do you obtain switch letters (Form UC5005) from clients in connection with a switch of one mutual fund or variable product for another (excluding transfers among funds in a family of funds)?**

   Yes

9. **Do you promptly deliver all issued variable product contracts to clients?**

   Yes

10. **Do you maintain copies of all documents signed by the client in connection with a securities purchase in your file in accordance with Carillon procedures?**

    Yes

Communications with the Public

1. **Do you only use advertising or sales literature that has been pre-approved by Carillon's Compliance Department?**

   Yes

2. **Are you only using business cards and letterhead that have been pre-approved by Carillon's Compliance Department?**

   Yes

3. **If you have engaged in any securities client prospecting by cold calling, do you follow Carillon's telemarketing procedures?**

   N/A

4. **While associated with Carillon, have you engaged in any securities client prospecting by using direct mail?**

   No

5. **Do you use e-mail to communicate with your customers regarding securities?**

   No

6. **Do you maintain a website on the Internet that refers or relates to your securities activities on behalf of Carillon?**

   N/A

7. **Have you published a Yellow Pages advertisement which makes reference to any securities product?**

   No

8. **Have you placed any advertisement or listing of your name on any Internet webpage or conducted any business on behalf of Carillon over the Internet?**

   No

0352

9. **Have you had all outgoing correspondence (email or paper), including faxes and computer printouts, reviewed by Carillon's Compliance Department in accordance with Carillon's procedures?**

   Yes

Prohibited Practices

1. **Do you understand that you are not permitted to sign another person's name to a document under any circumstances?**

   Yes

2. **While associated with Carillon, have you used or disseminated material insider information?**

   No

3. **While associated with Carillon, have you guaranteed a client against loss in connection with any securities transaction?**

   No

4. **While associated with Carillon, have you ever promised or actually paid money to a client in connection with a securities transaction?**

   No

5. **While associated with Carillon, have you solicited or accepted a loan from or made a loan to a client for any reason?**

   No

6. **While associated with Carillon, have you commingled your funds with a client's?**

   No

7. **While associated with Carillon, 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 which you have disclosed to Carillon)?**

   No

8. **While associated with Carillon, have you shared commissions from any securities transaction for a client with any person who is not licensed to sell securities in the state of the client's residence?**

   No

9. **While associated with Carillon, have you shared commissions from any securities transaction for a client with any person who is not registered with the NASD and associated with Carillon?**

   No

10. **While associated with Carillon, have you given to or received from a client or any other person any item valued in excess of $100, when such gift was given in connection with your business on behalf of Carillon?**

    No

11. **While associated with Carillon, have you or any account in which you had a beneficial interest purchased**

shares of an initial public offering?

No

12. **While associated with Carillon, have you accepted a client's check made payable to you (or any entity or person associated with you) for a securities transaction?**

No

13. **While associated with Carillon, have you accepted cash or a money order from a client in any amount or in violation of Carillon's Anti-Money Laundering Policy?**

No

14. **While associated with Carillon, have you sold any securities or insurance product to a client who resides in a state in which you are not licensed to sell that product?**

No

15. **While associated with Carillon, have you sold any securities products to a client when you have not been licensed by the NASD to sell that product?**

No

Respondent: Michael Blake
Address:

Phone:
Email: mblake@ofapeak.us
Date Completed: 2004-09-08 13:35:01.533

2004 Annual Compliance Questionnaire

U-4 Form Updates

1. **Has your home address or business address changed in the last year?**

   No

2. **While associated with Carillon, have you legally changed your name?**

   No

3. **During your association with Carillon, have any judgments or liens been entered against you?**

   No

4. **While associated with Carillon, have you entered into a compromise with creditor's?**

   No

5. **Have you or any organization that you controlled filed for bankruptcy or been the subject of an involuntary bankruptcy petition?**

   No

6. **While associated with Carillon, have you ever been charged with or convicted of or pled guilty or nolo contendere (no contest) in a domestic, foreign or military court to any felony?**

   No

7. **While associated with Carillon, 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

8. **Have you been found by the SEC, CFTC, other Federal or state regulatory agency (including securities, banking, insurance), foreign financial regulatory, national Credit Union Administration or self-regulatory association (such as the NASD, NYSE, other exchanges) to have violated their rules or have any of these agencies imposed a final order that bars or otherwise disciplines you?**

   No

9. **Have you been notified that you are the subject of an investigation or proceeding by any of the above agencies?**

   No

0355

10. **Have you been the subject of a disciplinary action by a professional organization such as bar association, association of CPAs, CFP, etc?**

    No

11. **Are you presently named in any customer complaints, arbitration, or lawsuit, or do you have a copy of any complaint that has not been previously submitted to Carillon?**

    No

12. **Are you now or while at Carillon have you been the subject of any oral or written customer complaints?**

    No

13. **Have you ever settled complaints directly with clients without the knowledge of Carillon?**

    No

14. **Are you now or while at Carillon have you been involved in any investment-related civil litigation, arbitration or administrative proceeding?**

    No

15. **Do you conduct your securities business from a permanent location other than the agency office?**

    No

Private Securities Transactions

1. **While associated with Carillon, have you engaged in any private securities transactions?**

   No

2. **Do you, your spouse, your dependent children or any other relative or person to whom you provide financial support have any account or an interest in a securities account at any securities firm other than Carillon?**

   No

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. **In connection with sales of mutual funds, do you explain the difference between fund class shares (A, B and C classes) and the charges and fees associated with each?**

   Yes

0356

5. **When selling mutual funds, do you inquire about the client's existing mutual fund holdings for purposes of linking accounts and reducing front-end sales charges (Rights of Accumulation)?**

   Yes

6. **When selling mutual funds, do you inquire about the client's expected future contributions to mutual fund holdings for purposes of reducing sales charges pursuant to a Letter of Intent?**

   Yes

7. **Do you advise clients of mutual fund breakpoints and maintain documentation in your files evidencing that you have done so?**

   Yes

8. **In connection with the sale of mutual funds, do you explain the charges, risks and long-term nature of the investment prior to or at the time of sale of the fund to the client?**

   Yes

9. **Do you recommend to your clients that they invest in any individual stocks or bonds?**

   No

10. **Do you exercise discretionary trading authority for any of your client's accounts?**

    No

11. **Do you ensure that any securities products that you recommend to your clients are suitable in light of their investment objectives, financial situation and investment experience?**

    Yes

12. **Do you limit your discussion of securities products 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 Carillon?**

    Yes

Business Practices

1. **Do you ensure that all new account documents, including appropriate disclosures and acknowledgements, 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 when you learn of changes in a client's circumstances that should be recorded on the new account documentation?**

   Yes

3. **Do you ensure that all variable contract and mutual fund applications, withdrawal forms or requests, surrender forms or requests and fund transfer forms or requests are transmitted to Carillon no later than the business day following the day on which the application or form is completed?**

   Yes

4. **Do you ensure that all customer funds or securities are transmitted no later than the business day following the**

day on which the funds are received?

Yes

5. **Do you update the blotter for every transaction processed through your office?**

   Yes

6. **Do you ensure that initial payments or premiums are only made by a check made payable to Carillon Investments, Inc., the product vendor or clearing firm?**

   Yes

7. **Do you obtain appropriate documentation in connection with a client's replacement of one insurance product for another (state replacement forms)?**

   Yes

8. **Do you obtain switch letters (Form UC5005) from clients in connection with a switch of one mutual fund or variable product for another (excluding transfers among funds in a family of funds)?**

   Yes

9. **Do you promptly deliver all issued variable product contracts to clients?**

   Yes

10. **Do you maintain copies of all documents signed by the client in connection with a securities purchase in your file in accordance with Carillon procedures?**

    Yes

Communications With The Public

1. **Do you only use advertising or sales literature that has been pre-approved by Carillon's Compliance Department?**

   N/A

2. **Are you only using business cards and letterhead that have been pre-approved by Carillon's Compliance Department?**

   Yes

3. **If you have engaged in any securities client prospecting by cold calling, do you follow Carillon's "DO NOT CALL" procedures?**

   N/A

4. **While associated with Carillon, have you engaged in any securities client prospecting by using direct mail?**

   N/A

5. **Do you use e-mail to communicate with your customers regarding securities?**

   Yes

5.1. **If yes, do you copy Carillon's Compliance Department on the email?**

0358

Yes

6. Do you maintain a website on the Internet that refers or relates to your securities activities on behalf of Carillon?

Yes

6.1. Please list the website address:

- olympusfinancialadvisors

6.2. Has this website been reviewed and approved by Carillon?

Yes

7. Have you published a Yellow Pages advertisement that makes reference to any securities product?

No

8. Have you placed any advertisement or listing of your name on any Internet web page or conducted any business on behalf of Carillon over the Internet?

No

9. Have you had all outgoing correspondence (email or paper), including faxes and computer printouts, reviewed by Carillon's Compliance Department in accordance with Carillon's procedures?

Yes

Prohibited Practices

1. Do you understand that you are not permitted to sign another person's name to a document under any circumstances?

Yes

2. While associated with Carillon, have you used or disseminated material insider information?

No

3. While associated with Carillon, have you guaranteed a client against loss in connection with any securities transaction?

No

4. While associated with Carillon, have you ever promised or actually paid money to a client in connection with securities transactions?

No

5. While associated with Carillon, have you solicited or accepted a loan from or made a loan to a client for any reason?

No

6. While associated with Carillon, have you commingled your funds with a client's?

No

0359

7. **While associated with Carillon, have you accepted a financial interest in or shared in any profits or losses in a client's or another employee's account (other than accounts belonging to immediate family members which you have disclosed to Carillon)?**

   No

8. **While associated with Carillon, have you shared commissions from any securities transaction for a client with any person who is not licensed to sell securities in the state of the client's residence?**

   No

9. **While associated with Carillon, have you shared commissions from any securities transaction for a client with any person who is not registered with Carillon?**

   No

10. **While associated with Carillon, have you given to or received from a client or any other person any item valued in excess of $100, when such gift was given in connection with your business on behalf of Carillon?**

    No

11. **While associated with Carillon, have you or any account in which you had a beneficial and ownership interest purchased shares of a hot issue?**

    No

12. **While associated with Carillon, 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

13. **While associated with Carillon, have you accepted cash or a money order from a client in any amount or in violation of Carillon's Anti-Money Laundering policy?**

    No

14. **While associated with Carillon, have you followed Carillon's Customer Identification Program Guidelines to comply with Federal requirements?**

    Yes

15. **While associated with Carillon, have you sold any securities or insurance product to a client who resides in a state in which you are not licensed to sell that product?**

    No

16. **While associated with Carillon, have you sold any securities products to a client when you have not been licensed by the NASD to sell that product?**

    No

Certification

1. **Do you certify that you have received, reviewed and agree to abide by the Compliance Manual for Registered Representatives?**

   Yes

0360

2. **Do you certify that you have received, reviewed and agree to abide by Carillon's policy regarding Insider Trading?**

   Yes

3. **Do you certify that you have received, reviewed and agree to abide by Carillon's policy regarding Electronic Communications?**

   Yes

4. **Do you certify that you have received, reviewed and agree to abide by Carillon's policy regarding Anti-Money Laundering?**

   Yes

Carillon Investments, Inc. Trax

Respondent: Michael Blake
Address:

Phone:
Email: mblake@ofapeak.us
Date Completed: 2005-03-14 13:52:18.99

2005 Field Annual Compliance Questionnaire

U-4 Form Updates

1. **Has your home address changed in the last year?**
   No

2. **Has your business address changed in the last year?**
   No

3. **While associated with Carillon, have you legally changed your name?**
   No

4. **During your association with Carillon, have any judgments been entered against you?**
   No

5. **While associated with Carillon, have you entered into a compromise with creditors?**
   No

6. **Have you or any organization that you controlled filed for bankruptcy or been the subject of an involuntary bankruptcy petition?**
   No

7. **While associated with Carillon, have you ever been charged with or convicted of or pled guilty or nolo contendere (no contest) in a domestic, foreign or military court to any felony?**
   No

8. **While associated with Carillon, 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

9. **Have you been found by the SEC, CFTC, other Federal or state regulatory agency (including securities, banking, insurance), foreign financial regulatory, national Credit Union Administration or self-regulatory association (such as the NASD, NYSE, other exchanges) to have violated their rules or have any of these agencies imposed a final order that bars or otherwise disciplines you?**
   No

10. **Have you been notified that you are the subject of an investigation or proceeding by any of the above agencies?**

    No

11. **Have you been the subject of a disciplinary action by a professional organization such as bar association, association of CPAs, CFP, etc?**

    No

12. **Are you presently named in any customer complaints, arbitration, or lawsuit, or do you have a copy of any complaint that has not been previously submitted to Carillon?**

    No

13. **Are you now or while at Carillon have you been the subject of any oral or written customer complaints?**

    No

14. **Have you ever settled complaints directly with clients without the knowledge of Carillon?**

    No

15. **Are you now or while at Carillon have you been involved in any investment-related civil litigation, arbitration or administrative proceeding?**

    No

16. **Do you conduct your securities business from a permanent location other than the agency office?**

    No

Private Securities Transactions and Personal Securities Accounts

1. **While associated with Carillon, have you purchased or sold a non-publicly traded investment (i.e., private placement, direct investment in a start-up company, etc.) for your own account?**

   No

2. **While associated with Carillon, have you recommended or sold to a client or any other person any investment as described in #1 above?**

   No

3. **Have you facilitated a securities transaction for a client through a broker/dealer other than Carillon Investments (i.e., Schwab)?**

   No

4. **Do you, your spouse, your dependent children or any other relative or person to whom you provide financial support have a brokerage account at any securities firm other than Carillon? This question relates only to brokerage accounts in which you trade stocks, bonds, or other securities. Direct holdings of mutual funds and/or variable contracts do not require a "yes" answer to this question.**

   No

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. **In connection with sales of mutual funds, do you explain the difference between fund class shares (A, B and C classes) and the charges and fees associated with each?**

   Yes

5. **When selling mutual funds, do you inquire about the client's existing mutual fund holdings for purposes of linking accounts and reducing front-end sales charges (Rights of Accumulation)?**

   Yes

6. **When selling mutual funds, do you inquire about the client's expected future contributions to mutual fund holdings for purposes of reducing sales charges pursuant to a Letter of Intent?**

   Yes

7. **Do you advise clients of mutual fund breakpoints?**

   Yes

8. **In connection with the sale of mutual funds, do you explain the charges, risks and long-term nature of the investment prior to or at the time of sale of the fund to the client?**

   Yes

9. **Do you recommend to your clients that they invest in any individual stocks or bonds?**

   Yes

9.1. **If yes, are you NASD Series 7 registered?**

   Yes

10. **Do you exercise discretionary trading authority for any of your client's accounts?**

    No

11. **Do you ensure that any securities products that you recommend to your clients are suitable in light of their investment objectives, financial situation and investment experience?**

    Yes

12. **Do you limit your discussion of securities products 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 Carillon?**

Yes

Business Practices

1. **Do you ensure that all new account documents, including appropriate disclosures and acknowledgements, 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 when you learn of changes in a client's circumstances that should be recorded on the new account documentation?**

   Yes

3. **Do you ensure that all variable contract and mutual fund applications, withdrawal forms or requests, surrender forms or requests and fund transfer forms or requests are transmitted to Carillon no later than the business day following the day on which the application or form is completed?**

   Yes

4. **Do you ensure that all customer funds or securities are transmitted no later than the business day following the day on which the funds are received?**

   Yes

5. **Do you update the blotter for every transaction processed through your office?**

   Yes

6. **Do you ensure that initial payments or premiums are only made by a check made payable to Carillon Investments, Inc., the product vendor or clearing firm?**

   Yes

7. **Do you obtain appropriate documentation in connection with a client's replacement of one insurance product for another (state replacement forms)?**

   Yes

8. **Do you obtain switch letters (Form UC5005) from clients in connection with a switch of one mutual fund or variable product for another (excluding transfers among funds in a family of funds)?**

   Yes

9. **Do you promptly deliver all issued variable product contracts to clients?**

   Yes

10. **Do you maintain copies of all documents signed by the client in connection with a securities purchase in your file in accordance with Carillon procedures?**

    Yes

Communications With The Public

1. **Do you only use advertising or sales literature that has been pre-approved by Carillon's Compliance Department?**

   Yes

0365

2. **Are you only using business cards and letterhead that have been pre-approved by Carillon's Compliance Department?**

   Yes

3. **If you have engaged in any securities client prospecting by cold calling, do you follow Carillon's "DO NOT CALL" procedures?**

   N/A

4. **While associated with Carillon, have you engaged in any securities client prospecting by using direct mail?**

   No

5. **Do you use e-mail to communicate with your customers regarding securities?**

   No

6. **Do you maintain a website on the Internet that refers or relates to your securities activities on behalf of Carillon?**

   Yes

6.1. **Please list the website address:**

   - olympusfinancialadvisors.com

6.2. **Has this website been reviewed and approved by Carillon?**

   Yes

7. **Have you published a Yellow Pages advertisement that makes reference to any securities product?**

   No

8. **Have you placed any advertisement on the Internet, other than your own Carillon-approved website (i.e., pop-up ads, banner ads on other websites, links to your site from another website, etc.)?**

   No

9. **Have you had all outgoing correspondence (email or paper), including faxes and computer printouts, reviewed by Carillon's Compliance Department in accordance with Carillon's procedures?**

   Yes

Prohibited Practices

1. **Do you understand that you are not permitted to sign another person's name to a document under any circumstances?**

   Yes

2. **While associated with Carillon, have you used or disseminated material insider information?**

   No

0366

3. **While associated with Carillon, have you guaranteed a client against loss in connection with any securities transaction?**

   No

4. **While associated with Carillon, have you ever promised or actually paid money to a client in connection with securities transactions?**

   No

5. **While associated with Carillon, have you solicited or accepted a loan from or made a loan to a client for any reason?**

   No

6. **While associated with Carillon, have you commingled your funds with a client's?**

   No

7. **While associated with Carillon, have you accepted a financial interest in or shared in any profits or losses in a client's or another employee's account (other than accounts belonging to immediate family members which you have disclosed to Carillon)?**

   No

8. **While associated with Carillon, have you shared commissions from any securities transaction for a client with any person who is not licensed to sell securities in the state of the client's residence?**

   No

9. **While associated with Carillon, have you shared commissions from any securities transaction for a client with any person who is not registered with Carillon?**

   No

10. **While associated with Carillon, have you given to or received from a client or any other person any item valued in excess of $100, when such gift was given in connection with your business on behalf of Carillon?**

    No

11. **While associated with Carillon, have you or any account in which you had a beneficial and ownership interest purchased shares of a hot issue?**

    No

12. **While associated with Carillon, 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

13. **While associated with Carillon, have you accepted cash or a money order from a client in any amount or in violation of Carillon's Anti-Money Laundering policy?**

    No

14. **While associated with Carillon, have you followed Carillon's Customer Identification Program Guidelines to comply with Federal requirements?**

    Yes

0367

15. **While associated with Carillon, have you sold any securities or insurance product to a client who resides in a state in which you are not licensed to sell that product?**

    No

16. **While associated with Carillon, have you sold any securities products to a client when you have not been licensed by the NASD to sell that product?**

    No

Certification

1. **Do you certify that you have received access to, reviewed and agree to abide by the Manual of Supervisory Procedures for Registered Representatives available at www.carilloninvest.com?**

   Yes

2. **Do you certify that you have received, reviewed and agree to abide by Carillon's policy regarding Insider Trading?**

   Yes

3. **Do you certify that you have received, reviewed and agree to abide by Carillon's policy regarding Electronic Communications?**

   Yes

4. **Do you certify that you have received, reviewed and agree to abide by Carillon's policy regarding Anti-Money Laundering?**

   Yes

Respondent: MICHAEL BLAKE
Address: 5040 E SHEA BLVD STE 162
SCOTTSDALE , AZ , 85254
Phone: 480-607-6558
Email: mblake@aicinvest.com
Date Completed: 2006-09-18 16:25:49.07

2006 Annual Compliance Questionnaire

U-4 Form Updates

1. **Do you certify that your name is the following?**
   - BLAKE, MICHAEL

   Yes

2. **Do you certify that your business address is the following?**
   - 5040 E. SHEA BLVD. SUITE 162, SCOTTSDALE, AZ 85254

   Yes

3. **Do you certify that your business phone number is the following?**
   - 480-607-6558

   Yes

4. **Do you certify that your email address is the following?**
   - mblake@ofapeak.us

   Yes

5. **Has any of your personal information changed within the last year (marital status, home address, home phone number etc.)?**

   No

6. **Do you conduct securities business and maintain files at a permanent location other than the office address listed previously?**

   No

7. **Are you having your securities commissions paid to a corporation?**

   No

8. **Since completing the latest year's Questionnaire, have any judgments, liens, garnishments, etc. been entered against you?**

   No

0369

9. **Since completing the latest year's Questionnaire, have you or any organization that you controlled filed for voluntary bankruptcy or entered into a compromise with creditors?**

   No

10. **Since completing the latest year's Questionnaire, have you ever been arrested, arraigned, charged or indicted for any criminal offense (except for minor traffic violations)?**

    No

11. **Since completing the latest year's Questionnaire, have you been convicted of, or pled guilty or no contest to any felony?**

    No

12. **Since completing the latest year's Questionnaire, 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

13. **Are you now or have you been since completing the latest year's Questionnaire the subject of any oral or written customer complaints?**

    No

14. **Have you ever settled complaints directly with clients without the knowledge of AIC?**

    No

15. **Are you now or since completing the latest year's Questionnaire have you been involved in any type of regulatory inquiry or investigation, or has the SEC, the NASD, any exchange or state regulatory body sanctioned you?**

    No

16. **Are you now or since completing the latest year's Questionnaire have you been involved in any investment-related civil litigation, arbitration or administrative proceeding?**

    No

17. **Have you been subject of a disciplinary action by a professional organization such as bar association, association of CPAs, CFP, etc?**

    No

Sales/Business Practices

1. **Do you provide your clients with a current prospectus prior to or at the time of sale if applicable for the type of security solicited?**

   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

0370

3. **Do you limit your discussion of securities products 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 AIC?**

   Yes

4. **Do you ensure that any securities products that you recommend to your clients are suitable in light of their investment objectives, financial situation and investment experience?**

   Yes

5. **Do you provide duplicate copies of all documents, including the New Account Form and any other agreements (i.e. margin, options etc.), signed by a customer to that customer for their records and maintain copies of those documents in your file in accordance with AIC's procedures?**

   Yes

6. **Are you updating your clients' New Account Form every three years and sending the original New Account Form to AIC Operations and providing a copy to your clients?**

   Yes

7. **Do you ensure that all original documentation and payment for securities business are sent to AIC Operations or OSJ respectively, for brokerage business and to the vendor for direct business?**

   Yes

8. **Do you ensure that all new account documents, including appropriate disclosures and acknowledgements are fully and accurately completed prior to or at the time of opening a client's account?**

   Yes

9. **Do you promptly update and forward to AIC Operations the client New Account form and other necessary documentation when you learn of changes in a client's circumstances (i.e. change in marital status, family additions, address change, etc.) that should be recorded on the New Account form?**

   Yes

10. **Do you obtain appropriate documentation in connection with a client's replacement of one insurance product for another?**

    Yes

11. **Do you obtain switch letters from clients in connection with a switch of one mutual fund or variable product for another (excluding transfers among funds in a family of funds)?**

    Yes.Click here for more info

12. **Do you ensure that all customer funds or securities are transmitted on the day the funds are received?**

    Yes

13. **Do you ensure that initial payments or premiums are only made by a check made payable to the product vendor or clearing firm?**

    Yes

14. **Do you maintain a blotter with every security transaction processed through your office?** **0371**

Yes

15. In connection with sales of mutual funds, do you explain the difference between fund class shares (A, B and C classes) and the charges, fees and investment limitations associated with each?

Yes

16. In connection with the sale of mutual funds, do you explain the charges, risks and long-term nature of the investment prior to or at the time of sale of the fund to the client?

Yes

17. Do you advise clients of mutual fund breakpoints, letters of intent, and rights of accumulation and maintain documentation in your files evidencing that you have done so?

Yes

18. When selling mutual funds, do you inquire about the client's mutual fund holdings for purposes of linking accounts and reducing front-end sales charges?

Yes

19. Do you explain a variable product's fee structure, 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

20. Do you promptly deliver all issued variable product contracts to clients?

Yes

21. Do you ensure that all variable contract and mutual fund applications, withdrawal forms or requests, surrender forms or requests and fund transfer forms or requests are transmitted to AIC no later than the business day following the day on which the application or form is completed?

Yes

22. Do you recommend to your clients that they invest in individual stocks or bonds?

No

23. Do you exercise discretionary trading authority for any of your client's accounts?

No

24. Do you advise clients of the investment risks, in state sponsered 529 plan tax advantages, tax advantages standard to all college savings plans and fees and expense differences between the various Classes offered when promoting 529 Plans?

Yes

25. A Section 529 Plans Statement of Understanding is required to be provided to your clients when soliciting 529 Plans. Are you using the Statement of Understanding disclosure statement with your clients?

Yes

1. Are you registered as an IAR or provide financial planning services to customers for a fee?

Yes

1.1. Do you provide fiduciary services (such as acting as an executor, trustee, conservator, power of attorney or a guardian) for any person (except for immediate family)?

No

1.2. Are you a Registered Investment Advisor (RIA) or a solicitor for or will you be associated with an RIA other than AIC or AIA.?

No

1.3. Do you provide any investment advice, financial consulting service, or any other service for which you receive a fee that is not processed through AIC or AIC?

Yes,Click here for more info

1.4. Are Clients provided with an in house generated performance, securities or similar report?

No

1.5. Are all fees collected for IAR Business, Financial Planning and consulting services made payable to AIC?

Yes

1.6. Do you deliver AIC's ADV part II before or concurrencly offering IA Products and Services.

Yes

1.7. For financial planning services, do you provide the customer a written financial plan?

Yes

1.8. Are fees collected consistant with fees noted in the signed agreement that is provided to the Customer?

Yes

1.9. Are you properly licensed in all the states that your provide IAR or planning services?

Yes

1.10. Are you registered as an IAR or provide financial planning services to customers for a fee?

Yes

1.11. I acknowledge that I understand the policies and procedures contained in the IAR Policy Manual accessible via the http://tools4you.com web site.

Yes

Communications with the Public

1. Do you only use advertising or sales literature that has been approved by the Compliance Department?

Yes

0373

2. **Are you using only business cards and letterhead that have been approved by the Compliance Department?**

   Yes

3. **Do you understand that you are to send to the Compliance Department, a sample of the business card and letterhead that you use when conducting AIC business?**

   Yes

4. **Have you had all outgoing correspondence, including faxes and computer printouts, reviewed and approved by the Compliance Department?**

   Yes

5. **Do you use e-mail to communicate with customers regarding securities?**

   No

6. **Do you maintain a website on the Internet that refers or relates to your securities on behalf of AIC?**

   No

7. **Have you placed any advertisement or listing of your name on any Internet WebPages or conducted any business on behalf of AIC over the Internet?**

   No

8. **Have you published a Yellow Pages advertisement which makes reference to any securities product that you are a registered representative or mentions Ameritas Investment Corp?**

   No

9. **Do you have signage visible to the public which makes reference to any securities product, that you are a registered representative or mentions Ameritas Investment Corp?**

   No

10. **If you have engaged in any securities client prospecting by cold calling, do you follow AIC's "Do Not Call" procedures?**

    N/A - Do not do cold calling

Report of Securities Accounts with Broker/Dealers

1. **Do you, your spouse, your dependent children or any other relative or person to whom you provide financial support have any account or an interest in a securities account at any securities firm other than AIC?**

   No

2. **Do you have an account with Pershing or National Financial Services?**

   Yes

3. **While associated with AIC, have you or any account in which you had a beneficial and ownership interest purchased shares of an initial public offering (IPO)?**

   No

Books and Records

1. **Do you or your office maintain a Monthly Transaction Blotter file on a calendar year basis?**

   Yes

2. **Do you or your office maintain an Incoming Correspondence Log blotter file along with copies of all securities related incoming correspondence received from your customers?**

   Yes

3. **Do you or your office maintain an Approved Outgoing Correspondence file?**

   Yes

4. **Do you or your office maintain a Sales Literature and Advertising file?**

   Yes

5. **Do you or your office maintain a business card/letterhead file?**

   Yes

6. **Do you or your office maintain a complaint file?**

   Yes

6.1. **If yes, have you reported all complaints to the Compliance Department?**

   Yes

7. **Do you or your office maintain a Do-Not-Call, Fax, E-Mail file?**

   No

8. **Does your office maintain copies of all required documents in connection with a securities purchase as outlined in the Policies & Procedures Manual Section 9.15, page 75?**

   Yes Click here for more info

9. **Do you or your office maintain securities client files separate from fixed insurance files?**

   Yes

10. **Are your clients files separated by account title (i.e. individual account, joint account, qualified funds, custodian)?**

    Yes

11. **If you are registered as an investment advisor representative (IAR) with AIC, are your IAR files separated from your securities files?**

    Yes

12. **Do you have access to the NASD Manual, and MSRB Manual, if applicable, online in your office, or maintain a hard copy of the NASD Manual, and MSRB Manual, if applicable, in your office?**

    Yes

0375

13. Do you have any non-registered employees opening securities mail and/or filing securities documentation?

Yes

13.1. If yes, have they registered as a non-registered fingerprint associate?

Yes

13.1.1. If yes, have you established a Non-Registered Fingerprint File for the office?

Yes

Private Securities Transactions

1. While associated with AIC, have you engaged in any private securities transactions (please see Pg 7 of the Policies and Procedures manual for a detailed description of a Private Securites Transaction)?

No

2. Have you facilitated a securities transaction for a client through a broker/dealer other than AIC (ie Schwab)?

No

Reports of Gifts and Non-Cash Compensation

1. Have you received gifts, prizes, bonuses or items valued at $100 or more in the last 12 months from other companies or persons, when such gift was received in connection with your business on behalf of AIC?

No

2. Have you given gifts, prizes, bonuses or items valued at $100 or more in the last 12 months to other companies or persons, when such gift was given in connection with your business on behalf of AIC?

No

Outside Business Activities

1. Are you licensed as an Independent Insurance Agent for the purpose of selling fixed insurance products?

Yes

1.1. If yes, please list name of companies:

- West Coast Life, First Colony, Ge, Banner Life Ing Life Pacific Life,Unum, Principal, AIG

1.2. If yes, state lines of products:

- Life/Accident/Health

2. Do you conduct business under a "Doing Business As" (DBA) name?

Yes

2.1. If yes, Please provide the name:

- Olympus Financial Advisors

0376

3. Are you an Attorney?

No

4. Are you a CPA, Tax Accountant or Tax Preparer?

No

5. Are you engaged in Mortgage Related Services?

No

6. Are you engaged in College Planning Services?

No

7. Are you involved with a Charity or Non-Profit Organization?

Yes

7.1. If yes, please state the name of the charity:

- United Way, Albq, NM, Lobo Club Albq NM, Boys and Girls Club of Scottsdale

7.2. If yes, please state your capacity:

Voluntary Staff

7.3. If yes, do you receive compensation?

No

7.4. If yes, do you make any investment decisions on behalf of such charity?

No

8. Are you engaged in Trust Related Services?

No

9. Are you involved with pension-related services?

No

10. Are you involved in the distribution of group variable annuity contracts?

Yes

10.1. If yes, how are you compensated?

Commissions through AIC

11. Are you involved in Estate Planning?

Yes

11.1. If yes, in what capacity?

Broker

11.2. If yes, what method of compensation do you receive?

Commissions

12. Do you hold yourself out as offering "Financial Planning", Investment Advisory or other similar activities?

No

13. Are you engaged in an Investment Club?

No

14. Are you a Consultant?

No

15. Are you engaged as a Newspaper, Newsletter, Magazine writer?

No

16. Are you involved in Commercial Property Management and/or Real Estate sales?

No

17. Are you engaged in Retail Sales (Non-Financial Services)?

No

18. Are you engaged in another Independent Activity?

No

19. While associated with AIC, have you accepted compensation from any person or entity (including a partnership, corporation, assocation, etc.) where such arrangement has not been pre-approved by AIC?

No

20. Have you reported all of your Independent Business Activities?

Yes

21. Are you aware of the possible consequences of not fully, accurately and thoroughly reporting all of your Independent Business Activities?

Yes

Prohibited Practices

1. Do you understand that you may not use or disseminate to others any material insider information relating to securities?

Yes

2. **Do you understand that you are not permitted to sign another person's name to a document under any circumstances?**

   Yes

3. **Do you understand that you are not to guarantee a client against loss in connection with any securities transaction?**

   Yes

4. **Do you understand that you are not to promise or give money to a client in connection with a securities transaction?**

   Yes

5. **Do you understand that you are not to solicit or accept a loan from or make a loan to a client for any reason?**

   Yes

6. **Do you understand that you are not to commingle your funds with a client's?**

   Yes

7. **Do you understand that you are not to accept a financial interest in or share in any profits or losses in a client's or another employee's account without prior review and approval by the Compliance Department?**

   Yes

8. **Do you understand that you are not to share commissions from any securities transactions for a client with any person who is not securities registered?**

   Yes

9. **Do you understand that you are not to share commissions from any securities transaction for a client with any person who is not a registered representative of AIC?**

   Yes

10. **Do you understand that you or any account in which you have a beneficial and ownership interest are not permitted to purchase shares of a hot issue?**

    Yes

11. **Do you understand that you are not to accept a client's check made payable to you (or any entity or person associated with you) for a securities or insurance transaction?**

    Yes

12. **Do you understand that you are not to accept cash, a money order or a cashier's check from a client in any amount or for a purpose other than those that are expressly permitted by AIC?**

    Yes

13. **Do you understand that you are not to solicit or sell any securities or insurance product to a client who resides in a state in which you are not licensed to sell that product?**

    Yes

0379

14. **Do you understand that you are not to solicit or sell any securities products to a client when you have not been licensed by the NASD to sell that product?**

Yes

15. **Do you understand that you are not permitted to use any manipulation, fraudulent or deceptive practices to induce a person to purchase securities?**

Yes

16. **Do you understand that you are not to purchase or sell securities directly from or to a client's account. All trades must be effected through AIC?**

Yes

17. **Do you understand you are not to use rumors as a basis for making recommendations to clients?**

Yes

18. **Do you understand you are not permitted to trade in a client's account for the primary purpose of generating income (i.e. churning)?**

Yes

19. **Do you understand you are not permitted to trade ahead of any client's orders (i.e. frontrunning) and that the client's order must always take precedence over personal orders?**

Yes

20. **Do you understand you are not permitted to reimburse a client for an error in his/her account and all corrections must be paid to the client directly by AIC?**

Yes

21. **Do you understand you are not permitted to convert payments received from clients for securities or insurance transactions to your own use?**

Yes

22. **Do you understand you are not permitted to provide any client information to a third party without written authorization from the client and approval by the Compliance Department?**

Yes

23. **Do you understand you are not permitted to use your securities approved business cards and letterhead or identify that you are a registered representative of Ameritas Investment Corp in any outside business activity?**

Yes

24. **Do you understand you are not permitted to sell or solicit on bank premises without Compliance Department approval?**

Yes

Certification

1. **I certify that all answers to this Questionnaire are true and correct to the best of my knowledge and that the statements and answers provided accurately represent my activities. I understand that false answers to this Questionnaire may result in disciplinary action from the firm.**

Yes

2. **I understand that it is my obligation to notify the Compliance Department of any changes to the information provided in response to this Questionnaire within the required timeframe (10 days if events involve criminal activity and 30 days for other changes). Any fines incurred for late disclosure will be at my expense.**

   Yes

3. **I have received and read all of my Firm's manuals that it requires I review, and I understand my obligations and responsibilities as set forth in them. This may include Compliance, Written Supervisory Procedures, Processing and other Registered Representative Manuals, which I keep in my office with my other Firm records.**

   Yes

Respondent: MICHAEL BLAKE
Address: 5040 E SHEA BLVD STE 162
SCOTTSDALE , AZ , 85254
Phone: 480-607-6558
Email: mblake@aicinvest.com
Date Completed: 2007-10-01 19:56:50.81

2007Annual Compliance Questionnaires

U-4 Form Updates

1. **Do you certify that your name is the following?**
   - BLAKE, MICHAEL

   Yes

2. **Do you certify that your business address is the following?**
   - 5040 E. SHEA BLVD., SUITE 162, SCOTTSDALE, AZ, 85254

   Yes

2.1. **If Yes, is this your physical address or do you utilize a mailbox with a street address (i.e. Mail Boxes Etc.)**

   Physical Address

3. **Do you certify that your business phone number is the following?**
   - 480-607-6558

   Yes

4. **Do you certify that your email address is the following?**
   - mblake@aicinvest.com

   Yes

5. **Has any of your personal information changed within the last year (marital status, home address, home phone number etc.)?**

   No

6. **Do you conduct securities business and maintain files at a permanent location other than the office address listed previously?**

   No

7. **Are your securities commissions paid to a corporation?**

   No

8. **Since completing last year's Questionnaire, have any judgments, liens, garnishments, etc. been entered against you?**

   No

9. **Since completing last year's Questionnaire, have you or any organization that you controlled filed for voluntary bankruptcy or entered into a compromise with creditors?**

   No

10. **Since completing last year's Questionnaire, have you ever been arrested, arraigned, charged or indicted for any criminal offense (except for minor traffic violations)?**

    No

11. **Since completing last year's Questionnaire, have you been convicted of, or pled guilty or no contest to any felony?**

    No

12. **Since completing last year's Questionnaire, 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?**
    Click here for more info

    No

13. **Are you now, or have you been since completing last year's Questionnaire, the subject of any oral or written customer complaints?**

    No

14. **Have you ever settled complaints directly with clients without the knowledge of AIC?**

    No

15. **Are you now, or since completing last year's Questionnaire, been involved in any type of regulatory inquiry or investigation, or has the SEC, the NASD, any exchange or state regulatory body sanctioned you?**
    Click here for more info

    No

16. **Are you now, or since completing last year's Questionnaire, been involved in any investment-related civil litigation, arbitration or administrative proceeding?**
    Click here for more info

    No

17. **Do you use professional designations (i.e. CFA, CLU, CPA) on business cards or letterhead used for your securities business?**

    Yes

17.1. **If Yes, what are those designations?**

    - CLF

17.2. **If yes, have you provided the Compliance Department with a "Certificate of Completion" or evidence of good**

standing within the organization?
Click here for more info

Yes

18. Have you been subject to disciplinary action by a professional organization such as bar association, association of CPAs, CFP, etc?

No

RIA/ IAR Registration questions

1. Are you registered as an IAR or do you provide financial planning services to customers for a fee?

Yes

1.1. Do you provide fiduciary services (such as acting as an executor, trustee, conservator, power of attorney or a guardian) for any person (except for immediate family)?

No

1.2. Are you a Registered Investment Advisor (RIA) or a solicitor for or will you be associated with an RIA other than AIC or Summit Investment Partners?

No

1.3. Do you provide any investment advice, financial consulting service, or any other service for which you receive a fee that is not processed through AIC or Summit Investment Partners?
Click here for more info

No

1.4. Are Clients provided with an in house generated performance, securities or similar report?

No

1.5. Are all fees collected for IAR Business, Financial Planning and consulting services made payable to AIC?

Yes

1.6. Do you deliver AIC's ADV part II before or concurrently with offering IA Products and Services.

Yes

1.7. For financial planning services, do you provide the customer a written financial plan?

Yes

1.8. Are fees collected consistent with fees noted in the signed agreement that is provided to the Customer?

Yes

1.9. Are you properly licensed in all the states that you provide IAR or planning services?

Yes

1.10. I acknowledge that I understand the policies and procedures contained in the IAR Policy Manual accessible via the http://tools4you.com web site.

Yes

Communications with the Public

1. **Do you maintain a website that refers or relates to your securities business on behalf of AIC?**

   Yes

1.1. **If yes, what is your website address?**

   - www.olympusfinancialadvisors.com

1.2. **If yes, has this been approved by the Compliance Department?**

   Yes

2. **Have you placed any advertisement or listing of your name on any Internet WebPages or conducted any business on behalf of AIC over the Internet?**

   No

3. **Do you conduct any securities seminars or make any other securities related public appearances?**

   No

4. **Do you utilize a smart phone or other hand held device to communicate electronically with your securities customers?**

   No

Report of Securities Accounts with Other Broker/Dealers

1. **Do you, your spouse, your dependent children or any other relative or person to whom you provide financial support have any account or an interest in a securities account at any securities firm other than AIC?**
   Click here for more info

   No

2. **Do you have an account with Pershing or National Financial Services?**

   Yes

3. **While associated with AIC, have you or any account in which you had a beneficial and ownership interest purchased shares of an initial public offering (IPO)?**

   No

Private Securities Transactions

1. **While associated with AIC, have you engaged in any private securities transactions?**
   Click here for more info

   No

2. **Have you facilitated a securities transaction for a client through a broker/dealer other than AIC (i.e. Schwab)?**

   No

Branch Office Questions

1. **Do you occupy or share office space with or jointly market with a bank, savings bank, savings association, credit union or other federally insured depository?**

   No

2. **Do you occupy or share office space with a NASD Securities Licensed individual from a Broker Dealer other than AIC?**

   No

3. **Do you conduct business at a "Location of Convenience"?**
   Click here for more info

   No

4. **During the past two years, has your office been contacted, visited or audited by a regulator other than AIC?**
   Click here for more info

   No

Reports of Gifts and Non-Cash Compensation

1. **Have you received gifts, prizes, bonuses or items valued at $100 or more in the last 12 months from other companies or persons, when such gift was received in connection with your business on behalf of AIC?**

   No

2. **Have you given gifts, prizes, bonuses or items valued at $100 or more in the last 12 months to other companies or persons, when such gift was given in connection with your business on behalf of AIC?**

   No

Outside Business Activities

1. **Are you licensed as an Independent Insurance Agent for the purpose of selling fixed insurance products?**

   No

2. **Do you conduct business under a "Doing Business As" (DBA) name?**

   Yes

2.1. **If yes, Please provide the name:**

   - Olympus Financial Advisors,LLC

3. **In addition to the products and services offered through UNIFI and AIC, do you conduct any other investment related activities?**

   No

4. **Are you an Attorney?**

   No

5. **Are you a CPA, Tax Accountant or Tax Preparer?**

   No

6. Are you engaged in Mortgage Related Services?

No

7. Are you engaged in College Planning Services?

No

8. Are you involved with a Charity or Non-Profit Organization?

No

9. Are you engaged in Trust Related Services?

No

10. Are you involved with pension-related services?

No

11. Are you involved in the distribution of group variable annuity contracts?

No

12. Are you involved in Estate Planning?

Yes

12.1. If yes, in what capacity?

Estate Planner

12.2. If yes, what method of compensation do you receive?

Commissions

13. Do you hold yourself out as offering "Financial Planning", Investment Advisory or other similar activities?

No

14. Are you engaged in an Investment Club?

No

15. Are you a Consultant?

No

16. Are you engaged as a Newspaper, Newsletter, Magazine writer?

No

17. Are you involved in Commercial Property Management and/or Real Estate sales?

No

18. Are you engaged in Retail Sales (Non-Financial Services)?

No

19. Are you engaged in another Independent Activity?

Yes

19.1. If yes, please describe:

- Longest Drive LLC

19.2. If yes, how are you compensated?

Other

19.2.1. If other, please describe:

- No Compensation

19.3. Are you engaged in another Independent Activity?

No

20. While associated with AIC, have you accepted compensation from any person or entity (including a partnership, corporation, association, etc.) where such arrangement has not been pre-approved by AIC?

No

21. Have you reported all of your Independent Business Activities?

Yes

22. Are you aware of the possible consequences of not fully, accurately and thoroughly reporting all of your Independent Business Activities?

Yes

Equity Indexed Annuities

1. Do you offer and/or sell Equity Indexed Annuities (EIA); from AIC's approved list, as an Outside Business Activity?

No

2. Do you offer and/or sell Equity Indexed Annuities (EIA), not approved by AIC, as a Private Securities Transaction?

No

Prohibited Practices

1. Do you understand that you may not use or disseminate to others any material insider information relating to securities?

Yes

2. **Do you understand that you are not permitted to sign another person's name to a document under any circumstances?**

   Yes

3. **Do you understand that you are not to guarantee a client against loss in connection with any securities transaction?**

   Yes

4. **Do you understand that you are not to promise or give money to a client in connection with a securities transaction?**

   Yes

5. **Do you understand that you are not to solicit or accept a loan from or make a loan to a client for any reason?**

   Yes

6. **Do you understand that you are not to commingle your funds with a client's?**

   Yes

7. **Do you understand that you are not to accept a financial interest in or share in any profits or losses in a client's or another employee's account without prior review and approval by the Compliance Department?**

   Yes

8. **Do you understand that you are not to share commissions from any securities transactions for a client with any person who is not securities registered?**

   Yes

9. **Do you understand that you are not to share commissions from any securities transaction for a client with any person who is not a registered representative of AIC?**

   Yes

10. **Do you understand that you or any account in which you have a beneficial and ownership interest are not permitted to purchase shares of a hot issue?**

    Yes

11. **Do you understand that you are not to accept a client's check made payable to you (or any entity or person associated with you) for a securities or insurance transaction?**

    Yes

12. **Do you understand that you are not to accept cash, a money order or a cashier's check from a client in any amount or for a purpose other than those that are expressly permitted by AIC?**

    Yes

13. **Do you understand that you are not to solicit or sell any securities or insurance product to a client who resides in a state in which you are not licensed to sell that product?**

    Yes

14. **Do you understand that you are not to solicit or sell any securities products to a client when you have not been licensed by the NASD to sell that product?**

    Yes

15. **Do you understand that you are not permitted to use any manipulation, fraudulent or deceptive practices to induce a person to purchase securities?**

    Yes

16. **Do you understand that you are not to purchase or sell securities directly from or to a client's account and that all trades must be effected through AIC?**

    Yes

17. **Do you understand you are not to use rumors as a basis for making recommendations to clients?**

    Yes

18. **Do you understand you are not permitted to trade in a client's account for the primary purpose of generating income (i.e. churning)?**

    Yes

19. **Do you understand you are not permitted to trade ahead of any client's orders (i.e. frontrunning) and that the client's order must always take precedence over personal orders?**

    Yes

20. **Do you understand you are not permitted to reimburse a client for an error in his/her account and all corrections must be paid to the client directly by AIC?**

    Yes

21. **Do you understand you are not permitted to convert payments received from clients for securities or insurance transactions to your own use?**

    Yes

22. **Do you understand you are not permitted to provide any client information to a third party without written authorization from the client and approval by the Compliance Department?**

    Yes

23. **Do you understand you are not permitted to use your securities approved business cards and letterhead or identify that you are a registered representative of Ameritas Investment Corp in any outside business activity?**

    Yes

24. **Do you understand you are not permitted to sell or solicit on bank premises without Compliance Department approval?**

    Yes

Certification

1. **I certify that all answers to this Questionnaire are true and correct to the best of my knowledge and that the statements and answers provided accurately represent my activities. I understand that false answers to this Questionnaire may result in disciplinary action from the firm.**

Yes

2. **I understand that it is my obligation to notify the Compliance Department of any changes to the information provided in response to this Questionnaire within the required timeframe (10 days if events involve criminal activity and 30 days for other changes). Any fines incurred for late disclosure will be at my expense.**

   Yes

3. **I have received and read all of my Firm's manuals that it requires I review, and I understand my obligations and responsibilities as set forth in them. This may include Compliance, Written Supervisory Procedures, Processing and other Registered Representative Manuals, which I keep in my office (or on my computer) with my other Firm records.**

   Yes

Respondent: MICHAEL BLAKE
Address: 5040 E SHEA BLVD STE 162
SCOTTSDALE , AZ , 85254
Phone: 480-607-6558
Email: mblake@aicinvest.com
Date Completed: 2008-07-31 18:26:19.45

2008 Annual Compliance Questionnaire

U-4 Form Updates

1. Do you certify that your name is the following?

- MICHAEL BLAKE

Yes

2. Do you certify that your business address is the following?

- 5040 E. SHEA BLVD SUITE 162 SCOTTSDALE AZ85254

Yes

2.1. If Yes, is this your physical address or do you utilize a mailbox with a street address (i.e. Mail Boxes Etc.)

Physical Address

3. Do you certify that your business phone number is the following?

- 480-607-6558

Yes

4. Do you certify that your email address is the following?

- mblake@aicinvest.com

Yes

5. Has any of your personal information changed within the last year (name, home address, home phone number, etc.)?

Yes, I will contact AIC Registration Department at 800-927-7737 and report my changes

6. Do you conduct securities business and maintain files at a permanent location other than the office address previously listed?

No

7. Are your securities commissions paid to a corporation?

No

8. Since completing last year's Questionnaire, have any judgments, liens, garnishments, etc. been entered against you?

No

9. Since completing last year's Questionnaire, have you or any organization that you control filed for voluntary bankruptcy or entered into a compromise with creditors?

No

10. Since completing last year's Questionnaire, have you been arrested, arraigned, charged or indicted for any criminal offense (except for minor traffic violations)?

No

11. Since completing last year's Questionnaire, have you been convicted of, or pled guilty or no contest to any felony?

No

12. Since completing last year's Questionnaire, 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?
Click here for more info.

No

13. Are you now, or have you been since completing last year's Questionnaire, the subject of any oral or written customer complaints?

No

14. Have you ever settled complaints directly with clients without the knowledge of AIC?

No

15. Are you now, or since completing last year's Questionnaire, been involved in any type of regulatory inquiry or investigation, or has the SEC, FINRA, any exchange, or state regulatory body sanctioned you?
Click here for more info

No

16. Have you now, or since completing last year's Questionnaire, been involved in any investment-related civil litigation, arbitration or administrative proceeding?
Click here for more info

No

17. Do you use professional designations (i.e. CFA, CLU, CPA) on business cards or letterhead used for your securities business?

Yes

17.1. If Yes, what are those designations?

- CLF

17.2. If yes, have you provided the Compliance Department with a "Certificate of Completion" or evidence of good

standing within the organization?
Click here for more info

Yes

18. Have you been subject to disciplinary action by a professional organization such as the bar association, association of CPAs, CFP, etc?

No

RIA/ IAR Registration

1. Are you registered as an IAR or do you provide financial planning services to customers for a fee?

Yes

1.1. Do you provide fiduciary services (such as acting as an executor, trustee, conservator, power of attorney or a guardian) for any person (other than immediate family member(s))?

No

1.2. Are you a Registered Investment Advisor (RIA) or a solicitor for or will you be associated with a RIA other than AIC or Summit Investment Partners?

No

1.3. Do you provide any investment advice, financial consulting services, or any other services for which you receive a fee that is not processed through AIC or Summit Investment Partners?
Click here for more info

No

1.4. Are clients provided with an in house generated investment performance, securities or similar report?

No

1.5. Are all fees collected for IAR business, financial planning and consulting services made payable to AIC?

Yes

1.6. Do you deliver AIC's ADV part II before or concurrently with offering IA products and services.

Yes

1.7. For financial planning services, do you provide the customer a written financial plan?

Yes

1.8. Are fees collected consistent with fees noted in the signed agreement that is provided to the Customer?

Yes

1.9. Are you properly licensed in all the states in which you provide IAR or planning services?

Yes

1.10. Do you enlist the assistance of a "paraplanner" not affiliated with AIC in your investment advisory activities?

No

1.11. I acknowledge that I understand the policies and procedures contained in the IAR Policy Manual accessible via the http://tools4you.com web site.

Yes

Communications with the Public

1. Do you maintain a website that refers or relates to your securities business?

Yes

1.1. If yes, what is the web-site address(es)?

- www.olympusfinancialadvisors.com

1.2. If yes, has this been approved by the Compliance Department?

Yes

2. Have you placed any advertisement or listing of your name on any internet webpages or conducted any business on behalf of AIC over the internet?

No

3. Do you conduct any securities-related seminars/presentations or make any other securities related public appearances?

No

4. Do you utilize a smart phone or other hand held device (iPhone, Blackberry, Palm Pilot, etc.) to communicate electronically with your securities customers?

No

Report of Securities Accounts with Other Broker/Dealers

1. Do you, your spouse, your dependent children or any other relative or person to whom you provide financial support have any account or an interest in a securities account at any securities firm other than AIC?
Click here for more info

No

2. Do you have an account with Pershing or National Financial Services?

Yes

3. While associated with AIC, have you or any account in which you had a beneficial or ownership interest purchased shares of an initial public offering (IPO)?

No

Private Securities Transactions

1. While associated with AIC, have you engaged in any private securities transactions?
Click here for more info

No

2. **Have you facilitated a securities transaction for a client through a broker/dealer other than AIC (i.e. Schwab, eTrade, etc.)?**

   No

Branch Office Questions

1. **Do you occupy or share office space or jointly market with a bank, savings bank, savings association, credit union or other federally insured depository?**

   No

2. **Do you occupy or share office space with a FINRA securities licensed individual from a broker dealer other than AIC?**

   No

3. **Do you conduct business at a "Location of Convenience"?**
   Click here for more info

   No

4. **During the past two years, has your office been contacted, visited or audited by a regulatory body other than AIC?**
   Click here for more info

   No

Reports of Gifts and Non-Cash Compensation

1. **Have you received gifts, prizes, bonuses or items valued at $100 or more in the last 12 months from other companies or persons, in connection with your business on behalf of AIC?**

   No

2. **Have you given gifts, prizes, bonuses or items valued at $100 or more in the last 12 months to other companies or persons, in connection with your business on behalf of AIC?**

   No

Outside Business Activities

1. **Are you licensed as an Independent Insurance Agent for the purpose of selling fixed insurance products?**

   Yes

1.1. **If yes, please list name of companies:**

   - Union Central West Coast Life Banner First Colony

1.2. **If yes, indicate lines of products:**

   - Life/Accident/Health

2. **Do you conduct business under a "Doing Business As" (DBA) name?**

   Yes

2.1. If yes, please provide the name:

- Olympus Financial Advisors

3. In addition to the products and services offered through UNIFI and AIC, do you conduct any other investment related activities?

No

4. Are you engaged in the solicitation or sale of life settlements?

No

5. Are you an Attorney?

No

6. Are you a CPA, Tax Accountant or Tax Preparer?

No

7. Are you engaged in Mortgage Related Services?

No

8. Are you engaged in College Planning Services?

No

9. Are you involved with a Charity or Non-Profit Organization?

No

10. Are you engaged in Trust Related Services?

No

11. Are you involved with pension-related services?

No

12. Are you involved in the distribution of group variable annuity contracts?

Yes

12.1. If yes, how are you compensated?

Direct from the Insurance Company

13. Are you involved in Estate Planning?

Yes

13.1. If yes, in what capacity?

Estate Planner

13.2. If yes, what method of compensation do you receive?

Commissions

14. Do you hold yourself out as offering "Financial Planning", Investment Advisory or other similar activities?

No

15. Are you engaged in an Investment Club?

No

16. Are you a Consultant?

No

17. Are you engaged as a Newspaper, Newsletter, Magazine writer?

No

18. Are you involved in Commercial Property Management and/or Real Estate sales?

No

19. Are you engaged in Retail Sales (Non- securities related Services)?

No

20. Are you engaged in another Independent Activity?

No

21. While associated with AIC, have you accepted compensation from any person or entity (including a partnership, corporation, association, etc.) where such arrangement has not been pre-approved by the Compliance Department?

No

22. Have you reported all of your Independent Business Activities?

Yes

23. Are you aware of the possible consequences of not fully, accurately and thoroughly reporting all of your Independent Business Activities?

Yes

Equity Indexed Annuities

1. Do you offer and/or sell Equity Indexed Annuities (EIA); from AIC's approved list, as an Outside Business Activity?

No

2. Do you offer and/or sell Equity Indexed Annuities (EIA), not approved by AIC, as a Private Securities Transaction?

No

Prohibited Practices

1. **Do you understand that you may not use or disseminate to others any material insider information relating to securities?**

   Yes

2. **Do you understand that you are not permitted to sign another person's name to a document under any circumstances?**

   Yes

3. **Do you understand that you are not to guarantee a client against loss in connection with any securities transaction?**

   Yes

4. **Do you understand that you are not to promise or give money to a client in connection with a securities transaction?**

   Yes

5. **Do you understand that you are not to solicit or accept a loan from or make a loan to a client for any reason?**

   Yes

6. **Do you understand that you are not to commingle your funds with those of a client's?**

   Yes

7. **Do you understand that you are not to accept a financial interest in or share in any profits or losses in a client's or another employee's account without prior review and approval by the Compliance Department?**

   Yes

8. **Do you understand that you are not to share commissions from any securities transactions for a client with any person who is not securities registered?**

   Yes

9. **Do you understand that you are not to share commissions from any securities transaction for a client with any person who is not a registered representative of AIC?**

   Yes

10. **Do you understand that you or any account in which you have a beneficial or ownership interest are not permitted to purchase shares of an IPO ?**

    Yes

11. **Do you understand that you are not to accept a client's check made payable to you (or any entity or person associated with you) for a securities or insurance transaction?**

    Yes

12. **Do you understand that you are not to accept cash, a money order or a cashier's check from a client in any amount or for a purpose other than those that are expressly permitted by AIC?**

    Yes

13. **Do you understand that you are not to solicit or sell any securities or insurance product to a client who resides in a state in which you are not registered to sell that product?**

    Yes

14. **Do you understand that you are not to solicit or sell any securities products to a client when you have not been licensed by FINRA to sell that product?**

    Yes

15. **Do you understand that you are not permitted to use any manipulation, fraudulent or deceptive practices to induce a person to purchase securities?**

    Yes

16. **Do you understand that you are not to purchase or sell securities directly from or to a client's account and that all trades must be effected through AIC?**

    Yes

17. **Do you understand you are not to use rumors as a basis for making recommendations to clients?**

    Yes

18. **Do you understand you are not permitted to trade in a client's account for the primary purpose of generating revenue income for yourself (i.e. churning)?**

    Yes

19. **Are you aware that you may not participate in the sale or solicitation of Viatical Settlements under any circumstances?**

    Yes

20. **Do you understand you are not permitted to reimburse a client for an error in his/her account and all corrections must be paid to the client directly by AIC?**

    Yes

21. **Do you understand you are not permitted to convert payments received from clients for securities or insurance transactions for your own use?**

    Yes

22. **Do you understand you are not permitted to provide any client information to a third party without written authorization from the client?**

    Yes

23. **Do you understand you are not permitted to use your securities approved business cards and letterhead or identify that you are a registered representative of Ameritas Investment Corp in any outside business activity?**

    Yes

24. Do you understand you are not permitted to sell or solicit on bank premises without Compliance Department approval?

Yes

25. Do you understand that the use of Instant Messaging to communicate with customers and/or prospective customers is prohibited?

Yes

26. Are you aware that conducting seminars without prior approval from the Compliance Department is prohibited?

Yes

27. Do you understand that you are not to use any seminar material(s) without prior approval from the Compliance Department?

Yes

28. Are you aware that altering seminar material and not receiving approval from the Compliance Department before use is prohibited?

Yes

Certification

1. I certify that all answers to this Questionnaire are true and correct to the best of my knowledge and that the statements and answers provided accurately represent my activities. I understand that false answers to this Questionnaire may result in disciplinary action from the firm.

Yes

2. I understand that it is my obligation to notify the Compliance Department of any changes to the information provided in response to this Questionnaire within the required timeframe (10 days if events involve criminal activity and 30 days for other changes). Any fines incurred for late disclosure will be at my expense.

Yes

3. I have received and read all of my Firm's manuals for which review is required, and I understand my obligations and responsibilities as set forth in them. This may include the Compliance Policies & Procedures Manual, Written Supervisory Manual, Processing Handbook and other Registered Representative Manuals, which I keep in my office (or book marked on my computer) with my other Firm records.

Yes

Respondent: MICHAEL BLAKE
Address: 5040 E SHEA BLVD STE 162
SCOTTSDALE , AZ , 85254
Phone: 480-607-6558
Email: mblake@aicinvest.com
Date Completed: 2009-06-28 22:04:46.217

2009 Annual Compliance Questionnaire

U-4 Form Updates

1. **Do you certify that your name is the following?**
   - MICHAEL BLAKE

   Yes

2. **Do you certify that your business address is the following?**
   - 5040 E. SHEA BLVD., SUITE 162, SCOTTSDALE, AZ 85254

   Yes

3. **Do you certify that your business phone number is the following?**
   - 480-607-6558

   Yes

4. **Do you certify that your email address is the following?**
   - mblake@aicinvest.com

   Yes

5. **Do you certify that your supervising principal is the following:**
   - CONNIE GROSSER

   Yes

6. **Has any of your personal information changed within the last year (name, home address, home phone number, etc.)?**

   No

7. **Do you conduct securities business and maintain files at a permanent location other than the office address previously listed?**

   No

8. **Are your securities commissions paid to a corporation?**

   No

9. Since completing last year's Questionnaire, have any judgments, liens, garnishments, etc. been entered against you?

No

10. Since completing last year's Questionnaire, have you or any organization that you control filed for voluntary bankruptcy or entered into a compromise with creditors?

No

11. Since completing last year's Questionnaire, have you been arrested, arraigned, charged or indicted for any criminal offense (except for minor traffic violations)?

No

12. Since completing last year's Questionnaire, have you been convicted of, or pled guilty or no contest to any felony?

No

13. Since completing last year's Questionnaire, 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?
Click here for more info.

No

14. Are you now, or have you been since completing last year's Questionnaire, the subject of any oral or written customer complaints?

No

15. Have you ever settled complaints directly with clients without the knowledge of AIC?

No

16. Are you now, or since completing last year's Questionnaire, been involved in any type of regulatory inquiry or investigation, or has the SEC, FINRA, any exchange, or state regulatory body sanctioned you?
Click here for more info

No

17. Have you now, or since completing last year's Questionnaire, been involved in any investment-related civil litigation, arbitration or administrative proceeding?
Click here for more info

No

18. Do you use professional designations (i.e. CFA, CLU, CPA) on business cards or letterhead used for your securities business?

Yes

18.1. If Yes, what are those designations?

- CLF

18.2. If yes, have you provided the Compliance Department with a "Certificate of Completion" or evidence of good standing within the organization?
Click here for more info

Yes

19. Have you been subject to disciplinary action by a professional organization such as the bar association, association of CPAs, CFP, etc?

No

RIA/ IAR Registration

1. Are you registered as an IAR or do you provide financial planning services to customers for a fee?

No

Communications with the Public

1. Do you maintain a website that refers or relates to your securities business?

Yes

1.1. If yes, what is the web-site address(es)?

- www.olympusfinancialadvisors.com

1.2. If yes, has this been approved by the Compliance Department?

Yes

2. Have you placed any advertisement or listing of your name on any internet webpages or conducted any business on behalf of AIC over the Internet?

No

3. Do you conduct any securities-related seminars/presentations or make any other securities related public appearances?

No

4. Do you utilize a smart phone or other hand held device (iPhone, Blackberry, Palm Pilot, etc.) to communicate electronically with your securities customers?

Yes

4.1. If Yes, have you set up your hand held device to automatically attach the required AIC disclosure?
Click here for Disclosure.

Yes

5. I have received and read my Firm's guidance for privacy and security compliance by clinking the hyperlink below and understand my role in protecting personal information.

Click here **for "Privacy and security compliance and your role in protecting personal information"**

Yes

Report of Securities Accounts with Other Broker/Dealers

1. **Do you have an ownership interest in a securities brokerage account at any securities firm other than AIC? Note: variable annuities, mutual funds held directly at the fund company and variable life do not need to be reported, however Calvert Funds held direct or through a brokerage account must be reported.**
   Click here for more info

   No

2. **Do you have an account with Pershing or National Financial Services?**

   Yes

3. **While associated with AIC, have you or any account in which you had a beneficial or ownership interest purchased shares of an initial public offering (IPO)?**

   No

Private Securities Transactions

1. **While associated with AIC, have you engaged in any private securities transactions?**
   Click here for more info

   No

2. **Have you facilitated a securities transaction for a client through a broker/dealer other than AIC (i.e. Schwab, eTrade, etc.)?**

   No

Branch Office Questions

1. **Do you occupy or share office space or jointly market with a bank, savings bank, savings association, credit union or other federally insured depository?**

   No

2. **Do you occupy or share office space with a FINRA securities licensed individual from a broker dealer other than AIC?**

   No

3. **Do you conduct business at a "Location of Convenience"?**
   Click here for more info

   No

4. **During the past two years, has your office been contacted, visited or audited by a regulatory body other than AIC?**
   Click here for more info

   No

Reports of Gifts and Non-Cash Compensation

1. **Have you received gifts, prizes, bonuses or items valued at $100 or more in the last 12 months from other companies or persons, in connection with your business on behalf of AIC?**

   No

2. **Have you given gifts, prizes, bonuses or items valued at $100 or more in the last 12 months to other companies or persons, in connection with your business on behalf of AIC?**

No

3. Are you logging all gifts and business expenses for retail customers on the Gifts and Business Expense Log (AIC 563)?
Click here for more info

Yes

Outside Business Activities

1. Are you licensed as an Independent Insurance Agent for the purpose of selling fixed insurance products?

No

2. Do you conduct business under a "Doing Business As" (DBA) name?

Yes

2.1. If yes, please provide the name:

- Olympus Financial Advisors LLC

2.2. Have you reported this as an outside business activity?

Yes

3. In addition to the products and services offered through UNIFI and AIC, do you conduct any other investment related activities?

No

4. Are you engaged in the solicitation or sale of life settlements?

No

5. Are you an Attorney?

No

6. Are you a CPA, Tax Accountant or Tax Preparer?

No

7. Are you engaged in Mortgage Related Services?

No

8. Are you engaged in College Planning Services?

No

9. Are you paid staff, serve as a member of the Board of Directors, or participate in any decision making activities of a charity or non-profit organization?

No

10. Are you engaged in Trust Related Services?

No

11. Are you involved with pension-related services?

No

12. Are you involved in the distribution of group variable annuity contracts?

Yes

12.1. If yes, how are you compensated?

Commissions through AIC

13. Are you involved in Estate Planning?

Yes

13.1. If yes, in what capacity?

- Estate Planner

13.2. If yes, what method of compensation do you receive?

- Commissions

14. Do you hold yourself out as offering "Financial Planning", Investment Advisory or other similar activities?

Yes

14.1. If yes, please indicate what services you hold yourself out as providing.

Investment Advisory

14.2. If yes, in what capacity would your clients perceive you to be acting?

Investment Advisory

14.3. If yes, state your methods of compensation:

- Asset-Based Fee

14.4. If yes, are you affiliated with another Registered Investment Advisor other than AIC?

No

15. Are you engaged in an Investment Club?

No

16. Are you a Consultant?

No

17. Are you engaged in preparing, publishing or editing articles for a Newspaper, Newsletter, Magazine?

No

18. Are you involved in Commercial Property Management and/or Real Estate sales?

No

19. Are you engaged in Retail Sales (Non- securities related Services)?

No

20. Are you engaged in another Independent Activity?

No

21. While associated with AIC, have you accepted compensation from any person or entity (including a partnership, corporation, association, etc.) where such arrangement has not been pre-approved by the Compliance Department?

No

Equity Indexed Annuities

1. Do you offer and/or sell Equity Indexed Annuities (EIA); from AIC's approved list, as an Outside Business Activity?

No

2. Do you offer and/or sell Equity Indexed Annuities (EIA), not approved by AIC, as a Private Securities Transaction?

No

Prohibited Practices

1. Do you understand that you may not use or disseminate to others any material insider information relating to securities?

Yes

2. Do you understand that you are not permitted to sign another person's name to a document under any circumstances?

Yes

3. Do you understand that you are not to guarantee a client against loss in connection with any securities transaction?

Yes

4. Do you understand that you are not to promise or give money to a client in connection with a securities transaction?

Yes

5. Do you understand that you are not to solicit or accept a loan from or make a loan to a client for any reason?

Yes

6. **Do you understand that you are not to commingle your funds with those of a client's?**

   Yes

7. **Do you understand that you are not to accept a financial interest in or share in any profits or losses in a client's or another employee's account without prior review and approval by the Compliance Department?**

   Yes

8. **Do you understand that you are not to share commissions from any securities transactions for a client with any person who is not securities registered?**

   Yes

9. **Do you understand that you are not to share commissions from any securities transaction for a client with any person who is not a registered representative of AIC?**

   Yes

10. **Do you understand that you or any account in which you have a beneficial or ownership interest are not permitted to purchase shares of an IPO?**

    Yes

11. **Do you understand that you are not to accept a client's check made payable to you (or any entity or person associated with you) for a securities or insurance transaction?**

    Yes

12. **Do you understand that you are not to accept cash, a money order or a cashier's check from a client in any amount or for a purpose other than those that are expressly permitted by AIC?**

    Yes

13. **Do you understand that you are not to solicit or sell any securities or insurance product to a client who resides in a state in which you are not registered to sell that product?**

    Yes

14. **Do you understand that you are not to solicit or sell any securities products to a client when you have not been licensed by FINRA to sell that product?**

    Yes

15. **Do you understand that you are not permitted to use any manipulation, fraudulent or deceptive practices to induce a person to purchase securities?**

    Yes

16. **Do you understand that you are not to purchase or sell securities directly from or to a client's account and that all trades must be effected through AIC?**

    Yes

17. **Do you understand you are not to use rumors as a basis for making recommendations to clients?**

    Yes

18. **Do you understand you are not permitted to trade in a client's account for the primary purpose of generating revenue income for yourself (i.e. churning)?**

    Yes

19. **Are you aware that you may not participate in the sale or solicitation of Viatical Settlements under any circumstances?**

    Yes

20. **Do you understand you are not permitted to reimburse a client for an error in his/her account and all corrections must be paid to the client directly by AIC?**

    Yes

21. **Do you understand you are not permitted to convert payments received from clients for securities or insurance transactions for your own use?**

    Yes

22. **Do you understand you are not permitted to provide any client information to a third party without written authorization from the client?**

    Yes

23. **Do you understand you are not permitted to use your securities approved business cards and letterhead or identify that you are a registered representative of Ameritas Investment Corp in any outside business activity?**

    Yes

24. **Do you understand you are not permitted to sell or solicit on bank premises without Compliance Department approval?**

    Yes

25. **Do you understand that the use of Instant Messaging to communicate with customers and/or prospective customers is prohibited?**

    Yes

26. **Are you aware that conducting seminars without prior approval from the Compliance Department is prohibited?**

    Yes

27. **Do you understand that you are not to use any seminar material(s) without prior approval from the Compliance Department?**

    Yes

28. **Are you aware that altering seminar material and not receiving approval from the Compliance Department before use is prohibited?**

    Yes

Certification

1. **I certify that all answers to this Questionnaire are true and correct to the best of my knowledge and that the statements and answers provided accurately represent my activities. I understand that false answers to this**

Questionnaire may result in disciplinary action from the firm.

Yes

2. **I understand that it is my obligation to notify the Compliance Department of any changes to the information provided in response to this Questionnaire within the required timeframe (10 days if events involve criminal activity and 30 days for other changes). Any fines incurred for late disclosure will be at my expense.**

   Yes

3. **I have received and read all of my Firm's manuals for which review is required, and I understand my obligations and responsibilities as set forth in them. This may include the Compliance Policies & Procedures Manual, Written Supervisory Manual, Processing Handbook and other Registered Representative Manuals, which I keep in my office (or book marked on my computer) with my other Firm records.**

   Yes

Completed Questionnaire

Respondent: MICHAEL BLAKE
Address: 5040 E SHEA BLVD STE 162SCOTTSDALE, AZ, 85254
Phone: 480-607-6558
Email: mblake@aicinvest.com
Date Completed: 2010-11-10 09:52:41

2010 Annual Compliance Questionnaire (2010 Annual Compliance Questionnaire)

U-4 Form Updates

1. Do you certify that your name is the following?

   First
   MICHAEL

   Last
   BLAKE
   Yes

2. Do you certify that your business address and phone number are the following?
   Address 1: 5040 E SHEA BLVD STE 162 162
   Address 2:
   City : SCOTTSDALE
   State : Arizona
   Zip : 85254
   Phone(Work): 480-607-6558
   Yes

3. Do you certify that your email address is the following? Please click on the following to view the AIC Compliance Alert.
   mblake@aicinvest.com
   Yes

4. Has any of your personal information changed within the last year (name, home address, home phone number, etc.)?
   Yes, I will contact AIC Registration Department at 800-927-7737 and report my changes

5. Do you conduct securities business and maintain files at a permanent location other than the office address previously listed?
   No

6. Since completing last year's Questionnaire, have you, or any organization that you control, filed for voluntary bankruptcy or entered into a compromise with creditors?
   No

7. Since completing last year's Questionnaire, have you been arrested, arraigned, charged or indicted for any criminal offense (except for minor traffic violations)?
   No

8. Since completing last year's Questionnaire, have you been convicted of, or pled guilty or no contest to any felony?
   No

9. Since completing last year's Questionnaire, 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

10. Are you now, or have you been, since completing last year's Questionnaire, the subject of any oral or written customer complaints?
    Yes
    Task Description: Are you now, or have you been since completing last year's Questionnaire, the subject of any oral or written customer complaints?
    Task History:
    Follow Up Needed; 11/11/2010 - 1:20 PM (EST); ReviewedBy - KENT TEIXEIRA; Note - assigned to cj;
    Approved;11/16/2010 - 9:03 AM (EST); ReviewedBy - CATHERINE (CATHY) JONES; Note - KIRA ANN PIPPERT REVOCABLE TRUST - reported ;

    10.1. If yes, have you promptly reported all written or oral customer complaints you have received to the Compliance Department? Click here on Form U-4 for more info.
    Yes

11. Have you ever settled complaints directly with clients without the knowledge of AIC?
    No

12. Are you now, or since completing last year's Questionnaire, have you been involved in any type of regulatory inquiry or investigation, or has the SEC, FINRA, any exchange, or state regulatory body sanctioned you? Place your cursor here on findings for more info.
    Yes
    Task Description: Are you now, or since completing last year's Questionnaire, been involved in any type of regulatory inquiry or investigation, or has the SEC, t, any exchange or state regulatory body sanctioned you?
    Task History:
    Follow Up Needed; 11/11/2010 - 1:21 PM (EST); ReviewedBy - KENT TEIXEIRA; Note - assigned to cj;
    Approved;11/16/2010 - 9:04 AM (EST); ReviewedBy - CATHERINE (CATHY) JONES; Note - AIC was aware and provided information. AIC also place Mr. Blake on Suspension.;

12.1. If yes, have you promptly notified the Compliance Department of such matters?
Yes

12.2. If yes, what was the allegation?
Pippert case

13. Are you now, or since completing last year's Questionnaire, have you been involved in any investment-related civil litigation, arbitration or administrative proceeding? Place your cursor here on amend for more info.
No

14. Do you use professional designations (i.e. CFP, CFA, CLU, CPA) on business cards or letterhead used for your securities business? Please click here for more information regarding AIC's Compliance Alert for Policies on Use of Professional Designations. In addition, please click here for AIC's Compliance Alert for the state of California Senior Designation Requirements.
Yes

14.1. If yes, what are those designations?
CLF

14.2. If yes, have you provided the Compliance Department with a "Certificate of Completion" or evidence of good standing with the organization?
Yes

15. Have you been subject to disciplinary action by a professional organization such as the bar association, association of CPAs, CFP, etc?
No

16. Since completing last year's Questionnaire, have any judgments, liens, garnishments, etc. been entered against you?
No

Corporate Entities

1. Are you the owner of a Corporation or a Limited Liability Company (LLC)?
Yes

1.1. If yes, have you disclosed this outside business activity to AIC on form AIC415?
Yes

2. Are your securities commissions paid to a corporation?
No

3. Since completing last year's Questionnaire, have any judgments, liens, garnishments, etc. been entered against any entity or any organization you control?
No

RIA/ IAR Registration

1. Are you registered as an IAR or do you provide financial planning services to customers for a fee?
Yes

1.1. Do you provide fiduciary services (such as acting as an executor, trustee, conservator, power of attorney or a guardian) for any person (other than immediate family member(s))?
No

1.2. Are you a Registered Investment Advisor RIA, or a solicitor for your own RIA or will you be associated with an RIA other than AIC or Summit Investment Partners?
No

1.3. Do you provide any investment advice, financial consulting services, or any other services for which you receive a fee that is not processed through AIC or Summit Investment Partners?Click here on RIA for more info.
No

1.4. Do you have any accounts in which you collect a wrap or management fee on commission products?
No

1.5. Have you bought C shares in your advisory accounts at AIC for your clients?
No

1.6. Do you provide clients with investment performance, securities, economic or other reports which are prepared in your office by you, your staff or any other individual or entity on your behalf (This excludes reports prepared by AIC or third party Investment Advisor Programs)?
No

1.7. Are all fees collected for IAR business, financial planning and consulting services made payable to AIC?
Yes

1.8. Do you deliver AIC's ADV part II before or concurrently with offering IA products and services.
Yes

1.9. Do you meet with advisory clients at least annually in person, or by phone to review their account?
Yes

1.9.1. If yes, can you provide evidence of these reviews if requested by AIC or the SEC? Click here for the AIC688 form.
Yes

1.10. For financial planning services, do you provide customers a written financial plan?
Yes

1.11. Are fees collected consistent with fees noted in the signed agreement that is provided to the Customer?
Yes

1.12. Are you properly licensed in all the states in which you provide IAR or planning services?
Yes

1.13. Do you enlist the assistance of a "Para-planner" not affiliated with AIC in your investment advisory activities?
No

1.14. Do you have any arrangements in place where you have someone soliciting business for you for which you pay them a fee? An example of this would be if you have an arrangement with a CPA to pay them a fee if they refer someone to you. Also, in third party money manager relationships, such as SEI, you solicit for them, so that would not count.
No

1.15. Please list the first and last names of each staff member that has access to your IAR clients.
Mary Jo Ebel

1.16. Do these staff members know that they need to submit QPTRFs and AHFs as well as the IAR does?
Yes

1.17. I acknowledge that I understand the policies and procedures contained in the IAR Policy Manual, hyperlinked below, including the Code of Ethics (Page 26) and I understand my obligations and responsibilities as set forth in the manual. Click here to view IAR Policy Manual.
Yes

1.18. Do you comply with the code of ethics?
Yes

Communications with the Public

1. Do you maintain a website that refers or relates to your securities business?
Yes

1.1. If yes, what is the web-site address(es)?
www.olympusfinancialadvisors.com

1.2. If yes, has this been approved by the Compliance Department?
Yes

2. Have you placed any advertisement or listing of your name on any internet web pages or conducted any business on behalf of AIC over the internet?
No

3. Do you conduct any securities-related seminars/presentations or make any other securities related public appearances?
No

4. Do you utilize a smart phone or other hand held device (iPhone, Blackberry, Palm, Droid, etc.) to communicate electronically with your securities customers?
Yes

4.1. If Yes, have you set up your hand held device to automatically attach the required AIC disclosure via the phone's "Signature" function?
Yes

5. I have received and read my Firm's guidance for privacy and security compliance by clicking the link below and understand my role in protecting personal information. Click here for "Privacy and Security Compliance and your role in protecting personal information"
Yes

Report of Securities Accounts with Other Broker/Dealers

1. Do you have an ownership interest in a securities brokerage account at any securities firm other than AIC? Note: variable annuities, mutual funds held directly at the fund company and variable life do not need to be reported. However, Calvert Funds held direct or through a brokerage account must be reported.
No

2. Have you closed any securities brokerage accounts held at any securities firm other than AIC?
No

3. While associated with AIC, have you purchased shares of an initial public offering (IPO) in any of accounts listed above, or another one in which you had a beneficial or ownership interest?
No

4. Do you have one or more accounts with Pershing or National Financial Services?
Yes

4.1. Please list the account number and registration.
C74 624187 Michael and Janice Blake Trust

Private Securities Transactions

1. While associated with AIC, have you engaged in any private securities transactions?
No

2. Have you facilitated a securities transaction for a client through a broker/dealer other than AIC (i.e. Schwab, eTrade, etc.)?
No

Branch Office Questions

1. Do you occupy or share office space or jointly market with a bank, savings bank, savings association, credit union or other federally insured depository?

No

2. Do you occupy or share office space with a FINRA securities licensed individual from a broker dealer other than AIC?
   No
3. Do you conduct business at a "Location of Convenience"?
   No
4. Since last year's Annual Compliance Questionnaire, has your office been contacted, visited or audited by a regulatory body other than AIC?
   No
5. As AIC works towards new technology solutions for customer data protection, it is important for AIC to be aware of the technology you are currently using. Please provide a list of all electronic devices that are used to access AIC Client data. This could include work computer(s), personal computer(s), at home or the office, and/or any mobile device(s). Please include the type of device and its' manufacturer for all devices, in the box below.
   bLACKBERRY sTORM, hP LAPTOP hP DESKTOP AND Aser LAPTOP

Outside Business Activities

AIC is required to be aware of and approve of any outside business activities its Registered Representatives may want to be involved in. This section of the ACQ allows you to disclose to AIC if you have an activity. This disclosure does not constitute a submission or an approval of these activities. All outside activities require an Outside Business Activites Questionnaire Submission, and subsequent written approval of AIC prior to the Registered Representative engaging in any outside activities.

1. Are you licensed as an Independent Insurance Agent for the purpose of selling fixed insurance products?
   Yes
   - 1.1. If yes, please list name of companies:
     Banner Life, West Coast Life Lincoln National, Lincoln Financial, Unum
   - 1.2. If yes, indicate lines of products:
     Life/Accident/Health
2. Do you conduct business under a "Doing Business As" (DBA) name?
   Yes
   Task Description: Do you conduct business under a "Doing Business As" (DBA) name?
   Task History:
   Approved;11/11/2010 - 1:23 PM (EST);ReviewedBy - KENT TEIXEIRA;Note - rptd as an oba;
   - 2.1. If yes, please provide the name:
     Olympus Financial Advisors LLC
   - 2.2. Have you reported this as an outside business activity?
     Yes
3. In addition to the products and services offered through UNIFI and AIC, do you conduct any other investment related activities?
   No
4. Are you engaged in the solicitation or sale of life settlements? Please click on the link for the AIC Compliance Alert of February 2010-Revised Policies & Procedures for Life Settlements.
   No
5. Are you an Attorney?
   No
6. Are you a CPA, Tax Accountant or Tax Preparer?
   No
7. Are you engaged in Mortgage Related Services? Please click here for more information from AIC Compliance Alert, Mortgage Loan Activity-Today's Marketplace.
   No
8. Are you engaged in College Planning Services?
   No
9. Are you paid staff, serve as a member of the Board of Directors, or participate in any decision making activities for a charity or non-profit organization?
   No
10. Are you engaged in Trust Related Services?
    No
11. Are you involved with pension-related services?
    No
12. Are you involved in the distribution of group variable annuity contracts?
    Yes
    - 12.1. If yes, how are you compensated?
      Commissions through AIC
13. Are you involved in Estate Planning?
    Yes
    - 13.1. If yes, in what capacity?
      Estate Planner
    - 13.2. If yes, what method of compensation do you receive?
      Commissions
14. Do you hold yourself out as offering "Financial Planning", Investment Advisory or other similar activities?

Yes

14.1. If yes, please indicate what services you hold yourself out as providing.
Investment Advisory

14.2. If yes, in what capacity would your clients perceive you to be acting?
Investment Advisory

14.3. If yes, state your methods of compensation:
Asset-Based Fee

14.4. If yes, are you affiliated with another Registered Investment Advisor other than AIC?
No

15. Are you engaged in an Investment Club?
No

16. Are you a Consultant?
No

17. Are you engaged in preparing, publishing or editing articles for any form of media outlet, such as a Newspaper, a Newsletter, a Magazine, an ezine or a website?
No

18. Are you involved in Residential or Commercial Property Management and/or Real Estate sales? Please click on the link for more information from AIC's Compliance Alert, Investing in Real Estate.
No

19. Are you engaged in Retail Sales (Non- securities related Services)?
No

20. Are you engaged in another Independent Activity?
No

21. While associated with AIC, have you accepted compensation from any person or entity (including a partnership, corporation, association, etc.) where such arrangement has not been pre-approved by the Compliance Department?
No

22. Are you involved in Succession Planning as part of your AIC securities activities or your investment advisory representative activities?
No

23. Do you offer Business Valuation Services as part of your AIC securities or investment advisor representative activities?
No

24. Are you involved in the sale of LLC's not facilitated through AIC?
No

25. Do you engage in or participate in Mergers and Acquisitions?
No

26. Do you provide advice and or assist with capital structuring (Helping find shareholders or other investors for capital structure plans)?
No

27. Do you engage or participate in any type of investment banking activities that would require obtaining the FINRA series 79 Exam? Click here for more information.
No

28. Do you have discretionary control over any client's financial assets?
No

29. Do you have a Power-of Attorney (POA) for any client's (other than family) personal or business accounts?
No

30. Do you have Power-of-Attorney (POA) over any client's (other than family) financial transactions, financial decisions or any financial dealings?
No

Reports of Gifts and Non-Cash Compensation

1. Have you received gifts, prizes, bonuses or items valued at $100 or more in the last 12 months from other companies or persons, in connection with your business on behalf of AIC?
No

2. Have you given gifts, prizes, bonuses or items valued at $100 or more in the last 12 months to other companies or persons, in connection with your business on behalf of AIC?
No

3. Are you logging all gifts and business expenses for retail customers on the Gifts and Business Expense Log (AIC 563)? For more information, the AIC Compliance Alert from August 2007 may be reviewed by clicking on this link.
Yes

Equity Indexed Annuities

1. Do you offer and/or sell Equity Indexed Annuities (EIA); from AIC's approved list, as an Outside Business Activity? Please click here for more information on AIC's Equity Indexed Annuities Policies and Procedures.
No

2. Do you offer and/or sell Equity Indexed Annuities (EIA), not approved by AIC, as a Private Securities Transaction?
No

Prohibited Practices

1. Do you understand that you may not use or disseminate to others any material insider information relating to securities?
   Yes
2. Do you understand that you are not permitted to sign another person's name to a document under any circumstances?
   Yes
3. Do you understand that you are not to guarantee a client against loss in connection with any securities transaction?
   Yes
4. Do you understand that you are not to promise or give money to a client in connection with a securities transaction?
   Yes
5. Do you understand that you are not to solicit or accept a loan from or make a loan to a client for any reason?
   Yes
6. Do you understand that you are not to commingle your funds with those of a client's?
   Yes
7. Do you understand that you are not to accept a financial interest in or share in any profits or losses in a client's or another employee's account without prior review and approval by the Compliance Department?
   Yes
8. Do you understand that you are not to share commissions from any securities transactions for a client with any person who is not securities registered?
   Yes
9. Do you understand that you are not to share commissions from any securities transaction for a client with any person who is not a registered representative of AIC?
   Yes
10. Do you understand that you or any account in which you have a beneficial or ownership interest, are not permitted to purchase shares of an IPO?
    Yes
11. Do you understand that you are not to accept a client's check made payable to you (or any entity or person associated with you) for a securities or insurance transaction?
    Yes
12. Do you understand that you are not to accept cash, a money order or a cashier's check from a client in any amount or for a purpose other than those that are expressly permitted by AIC?
    Yes
13. Do you understand that you are not to solicit or sell any securities or insurance product to a client who resides in a state in which you are not registered to sell that product?
    Yes
14. Do you understand that you are not to solicit or sell any securities products to a client when you have not been licensed by FINRA to sell that product?
    Yes
15. Do you understand that you are not permitted to use any manipulation, fraudulent or deceptive practices to induce a person to purchase securities?
    Yes
16. Do you understand that you are not to purchase or sell securities directly from or to a client's account and that all trades must be effected through AIC?
    Yes
17. Do you understand you are not to use rumors as a basis for making recommendations to clients?
    Yes
18. Do you understand you are not permitted to trade in a client's account for the primary purpose of generating revenue income for yourself (i.e. churning)?
    Yes
19. Are you aware that you may not participate in the sale or solicitation of Viatical Settlements under any circumstances?
    Yes
20. Do you understand you are not permitted to reimburse a client for an error in his/her account and all corrections must be paid to the client directly by AIC?
    Yes
21. Do you understand you are not permitted to convert payments received from clients for securities or insurance transactions for your own use?
    Yes
22. Do you understand you are not permitted to provide any client information to a third party without written authorization from the client?
    Yes
23. Do you understand you are not permitted to use your securities approved business cards and letterhead or identify that you are a registered representative of Ameritas Investment Corp in any outside business activity?
    Yes
24. Do you understand you are not permitted to sell or solicit on bank premises without Compliance Department approval?
    Yes
25. Do you understand that the use of Instant Messaging to communicate with customers and/or prospective customers is prohibited?

Yes

26. Are you aware that conducting seminars without prior approval from the Compliance Department is prohibited?
Yes

27. Do you understand that you are not to use any seminar material(s) without prior approval from the Compliance Department?
Yes

28. Are you aware that altering seminar material and not receiving approval from the Compliance Department before use is prohibited?
Yes

Social Networking Sites

Please be aware that other than Linked-In, the use of any social networking site for business purposes is prohibited by AIC. For further information, please see the September 2008 Compliance Alert on Social Networking by clicking on the link below.
Social Networking Sites Compliance Alert

1. Do you have a LinkedIn Account that you use for your securities business?
No

2. Do you have an account on another social networking site that you use for business purposes?
No

Certification

1. I certify that all answers to this Questionnaire are true and correct to the best of my knowledge and that the statements and answers provided accurately represent my activities. I understand that false answers to this Questionnaire may result in disciplinary action from the firm.
Yes

2. I understand that it is my obligation to notify the Compliance Department of any changes to the information provided in response to this Questionnaire within the required timeframe (10 days if events involve criminal activity and 30 days for other changes). Any fines incurred for late disclosure will be at my expense.
Yes

3. I have received and read all of my Firm's manuals for which review is required, and I understand my obligations and responsibilities as set forth in them. This may include the Compliance Policies & Procedures Manual, Written Supervisory Manual, Processing Handbook and other Registered Representative Manuals, which I keep in my office (or book marked on my computer) with my other Firm records.
Yes

ADVERTISING REVIEW STATISTICS

The Compliance Department would like to provide you some statistics regarding the Ad Review process so that you can have an understanding of how we strive to maintain our service standards based on the volume of material we receive for review.

Our service standards provide for a 4 day turnaround time and we generally strive for a next day turnaround for review. This 4 day standard does not include seminars as they take longer to review and we ask for 3 weeks to review that material. Also, this does not include material that needs to be escalated to a Subject Matter Expert as that can add extra time to the process as well. Materials are generally reviewed in the order in which they are received. Some exceptions are made for Weekly Economic Reports and other timely material as well as for correspondence requests.

That being said, during the 1st quarter of 2011 the Compliance Department conducted 1,398 reviews (this number includes seminars and items that were re-submitted and reviewed multiple times). The average turnaround time for these 1,398 reviews was 1.83 days. Using the 4 day turnaround time as a guideline, there were 81 requests that were outside our standards. This means that 94% of the ads are reviewed in 4 days or less.

In the event that you have submitted an ad and you feel it is not meeting our service standards please feel free to give one of the reviewers a call at 800-335-9858. Material is reviewed by either Maria Langan x0,84274 or Jennifer Austin x0,86949.

TOP 5 ENFORCEMENT ISSUES

Recently Sutherland Asbill & Brennan LLP released their annual Sutherland FINRA Sanction Study for 2010. This study is a review of the disciplinary actions taken by FINRA against firms and their registered representatives. The 2010 study indicated that there was an increase in the number of cases but a decrease in the total amount of fines. The study also outlined the top 5 enforcement issues for 2010. The enforcement issues identified were:

- Advertising
- Credit Default Swap
- Electronic Communications
- Suitability
- Short Selling Violations

Items of note from their study:

- Advertising was also on the enforcement list in 2009 ranking 5th. This indicates an increase in FINRA's scrutiny of advertising materials.
- The amount of 'supersized fines' dropped significantly from 2009.
- The total fines for electronic communications in 2009 and 2010 are down significantly from previous years. This indicates that the technology to monitor e-mails is being used effectively. Please contact the Compliance Department if you have any questions regarding this study.

SELLING AWAY

Selling away is the worst thing a registered representative can do to his/her broker/dealer. It is also one of the worst things a registered representative can do to put his/her client in harms way. Any representative that sells away also costs every other registered representative money.

Selling away in its simplest term is a registered representative who engages in an investment type transaction outside of the broker/dealer. It does not mean any personal investment a registered representative makes for his/her own personal accounts. Oftentimes, the registered representative ignores the broker/dealer either because he/she is naïve about what is occurring or the registered representative intentionally conceals it. An investment type transaction can be thought of as anything where a client would take their money, give it to someone else in hopes of getting a profit back. As a registered representative, even if you make an introduction for a customer or a referral, you are crossing the line and could be potentially involved in selling away. Also, you need not get paid for it, but if something goes wrong, you will be blamed for the loss. Registered representatives who get involved in selling away, even innocently, have no errors and omission coverage.

At AIC, we take selling away and other frauds very, very seriously.

Some tips for registered representatives:

- Never divulge to your customers any types of alternative investments that you personally are involved in with your own money that would be considered a personal, passive investment in some venture outside of AIC. This could include real estate investments you made personally, for example. Most clients want the hottest thing. They feel that if their representative invested in something, then it should be ok for them. When you tell your customers what you own, they will think of it as a recommendation and will want to get involved. If you tell them and they then go and make the investment on their own and something goes wrong, they will blame you.
- Be wary of any stock promoter or other individual who tells you that you do not need to show this to your broker/dealer.
- Be wary of any promoter or marketer who tells you the venture is not a security.
- Never get involved in any investment related transaction, deal, or involvement unless you obtain approval from AIC.

AMERITAS. INVESTMENT CORP.
Member: FINRA and SIPC

COMPLIANCE CONTACTS

800-335-9858, Option 6

Cathy Jones	402-467-7424
Cheryl Heilman	402-467-7461
Cliff Wilson	402-467-7106
Janet Wiesman	513-674-5377
Jennifer Austin	402-467-6949
Julie Schadt	402-465-6191
Kent Teixeira	402-617-8281
Maria Langan	402-325-4274
Maria E. Salinas Sherffius	402-325-4089
Rich Chitwood	513-595-2318
Rita Asbrock	513-595-2362
Ryan Dewing	402-467-6930
Sandy Patidar	301-280-1115
Shawn Grosser	301-280-1114
Compliance Fax No:	877-433-6375

COMPLIANCE CONNECTION

April 2011

A newsletter for
Registered Representatives
Ameritas Investment Corp.

COMPLIANCE CALENDAR

2011 Calendar – Be sure to check out the complete listing of upcoming events by clicking on AIC Calendar of Events on the Producer Workbench under the AIC Tab.

Apr 1	Incoming Correspondence, Checks and Securities Log for March is due by Apr 15th
Apr 15	Feb 2011 Exception Reports are due from Supervising Principals
Apr 19-21	AIC Regional Meeting – San Francisco, CA
Apr 22	Good Friday – AIC Offices Closed
May 1	Incoming Correspondence, Checks and Securities Log for Apr is due by May 15th
May 4-6	AIC Regional Meeting – Omaha, NE
May 30	Memorial Day – AIC Offices Closed
Jun 14-16	AIC Regional Meeting – Boston, MA

RECENT COMPLIANCE ALERTS

- Sales of Municipal Securities in the Secondary Market (3/11)
- Consolidated Reporting Policies & Procedures (12/10)
- E-Mail Provider Conversion (9/10)
- FINRA BrokerCheck Changes (8/10)
- Retirement Plans Business (8/10)
- Outside Business Activities (7/10)
- Financial Reform Act (7/10)

NOTICE TO SIGNATURE STAMP SIGNERS - DEADLINE APPROACHING

Recently you received a Compliance Alert notifying you of a slight price increase for maintaining your Medallion STAMP. Included in the alert was information regarding a requirement from Kemark for a certification process that must be completed by all signers. **If you have not completed that certification yet, please do so prior to May 1, 2011.** Failure to complete the certification by the deadline may result in a sanction from AIC.

As a reminder to all STAMP users, please note the following:

- STAMPs are to be used for AIC business only
- STAMPs are to be maintained in a secure place (locked drawer)
- Any change in authorized signers needs to be communicated to the Compliance Department as new documents may need to be executed

If you have any questions regarding the STAMP program, please call Jennifer Austin at 800-335-9858 x 0,86949.

ANNUITY TRAINING REQUIREMENT

Several states have already enacted the NAIC Suitability in Annuity Transactions Model Regulation with numerous states proposed to enact later this year. UNIFI is requiring that all RRs soliciting or recommending annuity products issued by its insurers complete the required training no later than July 1, 2011 or earlier if required by a particular state. Information on the states that have already enacted the Regulation can be located on Producer Workbench in the Product & Services Notices section.

Specific information for RRs registered in Wisconsin - Pacific Life has sent AIC a notice reminding all individuals registered in the state of Wisconsin that they must have completed their product specific training for their variable products prior to May 1, 2011. The notice also reminds RRs of the November 1, 2011 deadline to complete the 4 hour state annuity training course for Wisconsin. These courses must be completed in their entirety in order for you to be able to continue to submit business to Pacific Life.

When submitting applications to AIC for suitability review, please be sure to include copies of your training confirmations.

COMPLIANCE CONNECTION

March 2011

A newsletter for
Registered Representatives
Ameritas Investment Corp.

COMPLIANCE CALENDAR

2011 Calendar – Be sure to check out the complete listing of upcoming events by clicking on AIC Calendar of Events on the Producer Workbench under the AIC Tab.

Mar 1	Incoming Correspondence, Checks and Securities Log for February is due by Mar 15th
Mar 18	Jan 2011 Exception Reports are due from Supervising Principals
Apr 1	Incoming Correspondence, Checks and Securities Log for March is due by Apr 15th
Apr 15	Feb 2011 Exception Reports are due from Supervising Principals
Apr 19-21	AIC Regional Meeting – San Francisco, CA
Apr 22	Good Friday – AIC Offices Closed
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- Outside Business Activities (7/10)
- Financial Reform Act (7/10)

CHERYL HEILMAN JOINS THE COMPLIANCE DEPARTMENT

Cheryl was recently promoted to the position of Senior Vice President, Chief Compliance Officer and Risk Management. In her new role she will be responsible for compliance, due diligence, suitability and assurance, reporting and control and the financial area. Cheryl was the Chief Compliance Officer for The Advisors Group and recently the Chief Operating Officer so she brings experience and expertise to this new position. Please join us in welcoming Cheryl to the Compliance Department as well as wishing her well in her new responsibilities.

FAREWELL TO RHONDA HARRIS

The Compliance Department regrets to inform you that Rhonda has tendered her resignation with AIC and will be leaving the company effective March 25, 2011. Rhonda has been a very valuable employee and her dedication and work ethic will be greatly missed. Please join us in wishing Rhonda well in her new endeavors.

2011 CONTINUING EDUCATION NEEDS QUESTIONNAIRE

The Continuing Education Needs Questionnaire is now active on the RegEd website at www.reged.com. This Questionnaire allows you to have a voice in how AIC's continuing education program is structured for 2011. Please take a few minutes to complete this short questionnaire as your answers provide us important feedback to use in selecting courses for this year's program. The deadline for completing this questionnaire is April 15, 2011. To sign into the RegEd site please use the following information: userid: aicxxxx – where x is your 4 or 6 digit rep number; password: last name; and company code: aic.

FINANCIAL REPORTING OBLIGATIONS-MORTGAGE SHORT SALE

Did you know that if you participate in the short sale of your home or another property that it's considered a compromise with creditors and is reportable on your U4 to FINRA? Today's economic environment is presenting financial challenges and individuals are having to seek unique way to resolve them. The Compliance Department has received several calls inquiring about short sales and whether or not they are reportable. Since the short sale involves the sale of a property where the proceeds are used to repay the lender for less than what they are owed it is considered a compromise with creditors and is therefore reportable under FINRA regulation. This transaction must be reported within 30 days of the transaction date in order not to be considered late. If the transaction is reported late, the representative will be subject to a FINRA late filing fee. If you have any questions about a transaction such as this, please contact the Compliance Department so that we can assist you in determining whether or not it is reportable and help you get it reported in time to avoid the late fee.

REPORTING OF OUTSIDE BUSINESS ACTIVITIES-CLARIFICATION

The most common question we receive in the Compliance Department relating to Outside Business Activities is: "Why do I have to report my dba name as an Outside Business Activity?". Since this is the entity name you use to hold yourself out to the public it is deemed by FINRA to be an Outside Business Activity and must be reported as such. Even though the perception is that this is the entity under which you are conducting your AIC business it, in fact, is not. Per the disclosure on your business cards and letterhead that states 'AIC and (your dba name) are not affiliated' this means that these are two separate and distinct entities doing separate business functions. The only relationship that exists is that you are personally registered with AIC to conduct your securities business; however, your dba name and AIC remain unaffiliated.

Please confirm that you have submitted a Request for Outside Business Activity for your dba name by checking the Outside Business Activity Questionnaire on the RegEd website.

To highlight the importance of properly reporting your Outside Business Activities, following are some examples of recent sanctions that FINRA has imposed on representatives for failing to report:

Mesa, AZ – RR was suspended for 10 business days for failing to report a mortgage activity.

Warren, MI – RR was fined $5,000 and suspended for 3 months for failing to notify firm of an outside activity.

Cody, WY – RR was permanently barred from the industry for failing to receive prior written approval for his OBA.

Las Vegas, NV – RR was fined $5,000 and suspended for 3 months for failing to provide written notice to the firm of an outside activity.

The above is a representation of the actions taken by FINRA when it's determined that an individual failed to report an Outside Activity to their firm. It is imperative that you ensure that your CRD record is current and that all activities are reported promptly and that approval is obtained prior to engaging in that activity. If you have any questions regarding your OBA activity please contact the Compliance Department.

SOCIAL NETWORKING SURVEY

Recently you received a request to participate in a survey regarding your anticipated business use of social networking sites. AIC is working on an initiative to allow the use of certain sites for your business use. Please take a few moments to complete the survey as this will assist us in planning for future use and establishing policies and procedures. The link to the survey is: http://www.surveymonkey.com/s/XCT3NGS

NOTICE TO SIGNATURE STAMP HOLDERS

Recently you received a Compliance Alert notifying you of a slight price increase for maintaining your Medallion STAMP. Included in the alert was information regarding a requirement from Kemark for a certification process that must be completed by all signers. If you have not completed that certification yet, please do so prior to May 1, 2011. Failure to complete the certification by the deadline may result in a sanction from AIC.

As a reminder to all STAMP users, please note the following:

- STAMPs are to be used for AIC business only
- STAMPs are to be maintained in a secure place (locked drawer)
- Any change in authorized signers needs to be communicated to the Compliance Department as new documents may need to be executed

If you have any questions regarding the STAMP program, please call Jennifer Austin at 800-335-9858 x 0,86949.

COMPLIANCE CONTACTS

800-335-9858, Option 6

Cathy Jones 402-467-7424
Cheryl Heilman 402-467-7461
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Ryan Dewing 402-467-6930
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Shawn Grosser 301-280-1114
Compliance Fax No: 877-433-6375

COMPLIANCE CONNECTION
November 2008

A newsletter for
Supervisory Principals and RVPs
Ameritas Investment Corp.

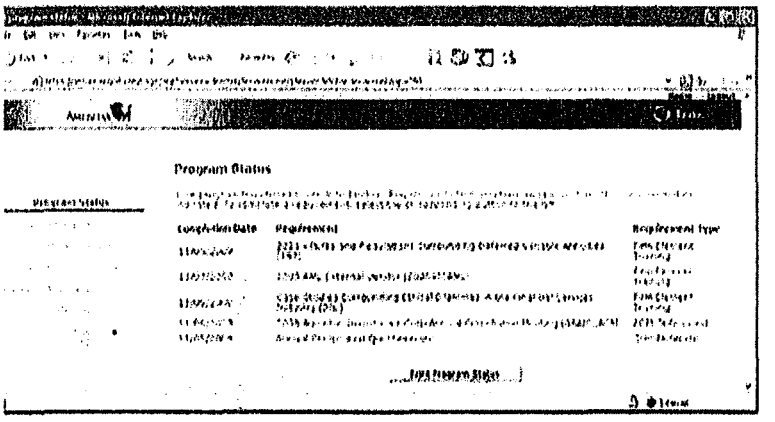
COMPLIANCE CALENDAR

2008 Calendar – Be sure to check out the complete listing of upcoming events by clicking on AIC Calendar of Events on TOOLS under the AIC Support Tab.

Nov 1	Transaction Blotters & Incoming Correspondence Logs for October are due by the 15th
Nov 14	Exception Reports due for Sep
Nov 27	Thanksgiving Day - AIC Offices Closed
Nov 28	Stock Markets close at 1:00 p.m. EST. AIC Staff will remain in offices until 2:00 p.m. EST, or later as business dictates
Nov 30	Final Day to complete on-line state registration renewals
Dec 1	Transaction Blotters & Incoming Correspondence Logs for November are due by the 15th
Dec 1	FIRM ELEMENT PROGRAM DEADLINE
Dec 8	Last day to request new state registration for 2008
Dec 25	Christmas Day - AIC Offices Closed
Jan 1	New Years Day - AIC Offices Closed
Jan 1	Transaction Blotters & Incoming Correspondence Logs for December are due by the 15th
Jan 15	Quarterly Personal Transaction Report and Annual Holdings Form due

FIRM ELEMENT PROGRAM STATUS

The deadline for the Firm Element Training is December 1, 2008. If you are uncertain if you have completed the required training, you may access your requirements via the Program Status option. The Program Status option is located on the home page of the RegEd website once you log in.



The date each requirement was completed will be listed in the Completion Date column. If a requirement has not been completed, there will be no date listed and that requirement must be completed by December 1, 2008. If you completed the Anti Money Laundering training via the LIMRA website, it will be listed in your Program Stats Report as 2008 AML External Vendor with the date completed through the LIMRA website.

Allow 10 business days for the completion of the Anti Money Laundering course through the LIMRA website to be displayed on the Program Status option on the RegEd website. Please contact the Compliance Department at 1-800-335-9858, option 6, followed by option 7 for questions on the Firm Element Training.

SERIES 7 FINRA NOVEMBER SURVEY

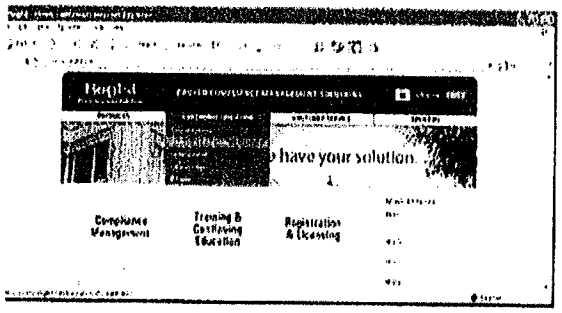
FINRA will be conducting a random survey of 10,000 registered representatives on the Series 7 Examination in November. This survey will examine the accuracy of the Examination to the current roles and responsibilities of a broker. We encourage those of you that receive this survey to participate.

Prior to the survey, FINRA completed a job analysis study through the collection of current data on job functions, roles, responsibilities, and knowledge of registered representatives. A content outline was then developed and reviewed by a group of registered representatives. Further responses through these surveys will assist with the continued improvement and refinement of the content outline and updating of the test specifications for the Series 7 Examination.

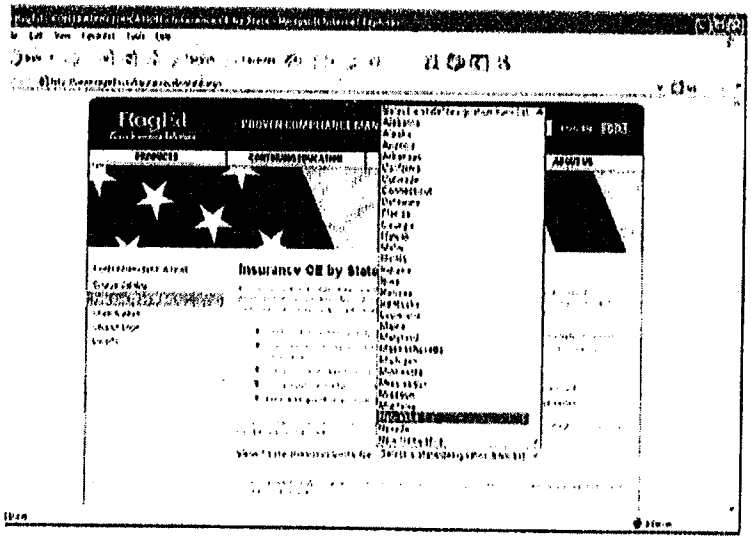
RegEd CONTINUING EDUCATION

You are provided with 2 Insurance Continuing Education courses through the RegEd website with payment of the 2008 Firm Element Training. These additional courses are available through the Additional Training option once you log on to the RegEd website. Additional courses may be taken for a fee through the Optional Insurance Courses option. If you have questions as to the CE Credits offered by your state, you may access a listing via the RegEd home page. You can access this information by pointing your web browser to www.reged.com.

Select Insurance CE by State on the Continuing Education tab:



Then select your state:



You have access to the RegEd website throughout the year and the ability to access the Additional Training courses at any time. Please contact the Licensing & Registration Team at 1-800-927-7737 with any questions on Insurance Continuing Education.

ADVISORMAIL EMAIL ACCOUNT

Remember that all securities-related electronic correspondence must be maintained through your AdvisorMail email account (@aicinvest.com) or Home Office approved domain address. Regularly check your AdvisorMail email account to ensure there is sufficient space to continue to receive and send new email correspondence. Many Home Office communications are sent to your AdvisorMail email account and it is important you receive them.

For additional information regarding electronic communications, you can access the Compliance Alert from July 2008 on Policies and Procedures Regarding Electronic Communications on the AIC Support tab on the tools4you.com website.

BOOKS & RECORDS

When submitting paperwork to vendors for direct business, you must also send copies of the paperwork to your Supervising Principal and the Home Office. For OSJs, remember to forward copies to the Home Office upon completion of your suitability review. These documents may be faxed through the FAXIN number at 1-877-721-2226. Please note that this FAXIN number is only for Direct Business paperwork.

EQUITY INDEXED ANNUITIES (EIA)

When conducting the review of paperwork submitted by your RRs, remember to watch for transactions in which securities products are sold to fund purchases of EIA products. Additionally, upon review of transactions appearing on the monthly Redemption Exception Report, you should obtain verification from your RRs of the disposition of the redemption proceeds and cross-reference OSJ clients' files for related documentation to confirm whether EIA products were purchased. Completion of the Acknowledgement of Securities Liquidation to Purchase an Indexed Annuity form (AIC 523) is required for purchases derived from sells of securities products. EIA transactions must also be captured on the Indexed Annuity Transaction Blotter and maintained in the offices of the RRs you supervise for review during required office inspections. Please remember that the Home Office must receive copies of the AIC 523 in order for AIC to meet its books and records requirements. Complete information regarding EIAs can be found in AIC's Policies and Procedures Manual, Section 4.50 Equity Indexed Annuities. Questions regarding the policies and procedures should be directed to Compliance at 1-800-335-9858, option 6.

OUTSIDE BUSINESS ACTIVITIES (OBA)

RRs who intend to engage in any outside business activity (OBA), such as serving as an officer, partner or director of any business, take any ownership position in a company, or have any financial interest in another business organization must make written disclosure of such activity and receive approval prior to engaging in such activity. Approval can be requested by submitting the Request for Outside Business Activities Questionnaire (AIC 415) which is available on tools4you.com.

In addition, RRs must certify their outside business activities annually on AIC's Annual Compliance Questionnaire (ACQ). Disclosing a new OBA on the ACQ does not mean the activity has been approved or that your U4 has been updated. Once an OBA has been approved and updated on your U4, you will receive an approved copy of your AIC 415 for your files. RRs do not need to complete an AIC 415 annually for each activity but are responsible for ensuring that your U4 is current at all times. Disclosure of OBA's and proper U4 maintenance are a current FINRA hot button. AIC Compliance has recently experienced FINRA and State regulators reviewing web-sites, newspapers, and advertisements for RR OBAs. If you have any questions regarding your OBAs and your U4 please contact Ryan Dewing at 1-800-335-9858, extension 86930.

AMERITAS INVESTMENT CORP.
Member: FINRA and SIPC

COMPLIANCE CONTACTS

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Kim Paschall	301-280-1143
Amy Starkey	513-595-2363
Julie Schadt	402-465-6191
Maria Langon	402-325-4274
Ryan Dewing	402-467-6930
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STONERIVER™
RegEd

ACM OnDemand
OBA: Reportable Investment-Related Activities

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Introduction

The topics presented today are designed to provide a general overview and identify steps to be taken by an associated person when outside business activities potentially create a conflict of interest involving your role with your broker-dealer.

Following completion of this segment, you will be able to identify:

- The regulatory guideline(s) that an associated person must follow relative to outside business activities.
- Potential consequences for failing to report potential conflicts of interest involving outside business activities.
- The general steps an associated person should take to report their outside business activity; and
- Various activities that may be deemed an outside business activity.

Over twenty years ago, the regulator now known as the Financial Industry Regulatory Authority or FINRA provided industry guidance with respect to aspects of supervision for associated persons' outside business activities, commonly referred to as an "OBA," as well as participation in private securities transactions.

Today, these guidelines may be found in the consolidated FINRA Manual under NASD Conduct Rule 3030 – "Outside Business Activities of an Associated Person" and Conduct Rule 3040 – "Private Securities Transactions of an Associated Person."

Conduct Rule 3030 essentially states that no person associated with a broker-dealer in any registered capacity will be employed by or accept compensation from another as a result of business activity (other than a passive investment) that is outside the scope of their relationship with their firm, unless the associated person has provided written notice to their firm of the activity.

A passive investment might best be described as those that a person might receive income but does not perform services, such as investment interest.

Conduct Rule 3040 states that, prior to participating in any private securities transaction (for example, a promissory note or limited partnership), an associated person must provide written notice to their broker-dealer describing the proposed transaction and their role, as well as stating whether or not they will receive selling compensation in connection with the transaction.

Further, if a broker-dealer approves (in writing) the participation in the private securities transaction, it must not only supervise the activity in some fashion but may also be required to record it on its books and records as if the transaction had been completed by the firm. It is for this reason that there may also be specific conditions set by the broker-dealer that must be adhered to by the associated person. If the associated person's participation is approved, it is usually described in conjunction with the approval of the occurrence as an outside business activity.

If the firm disapproves the participation in the private securities transaction, which is typically also recorded, the associated person must not participate in any manner.

It is important for both individuals and firms to follow those regulatory guidelines as they are described. Penalties for violations involving participation in or lack of supervision of unapproved outside business activities, or the "selling away" of a private securities transaction, can be significant.

The best first reference for understanding how business activities might be deemed a conflict of interest is to review your firm's written supervisory procedures or compliance manual.

Most broker-dealers have established specific criteria for the types of activities that are authorized or prohibited, as well as the approval steps that must be accomplished prior to engaging in an outside business activity or private securities transaction. Many firms require the completion of standard approval request forms or letters to aid in the process and for purposes of record keeping.

Associated persons must be aware that their firm may chose to broaden the scope or definition of an outside business activity or private securities transaction, as well as disciplinary actions that may occur for their violations. Do not rely solely on definitions cited in the FINRA Manual, and ensure adherence to the firm's current policies and procedures. When in doubt, ask questions of supervisory or compliance staff.

Often, following the firm's approval of an outside business activity, there will be a need to amend the associated person's Form U-4: Uniform Application for Securities Industry Registration. Firm registration or compliance staff will assist in this process to ensure each reportable OBA is noted as required within the FINRA Central Registration Depository ("CRD") system.

You should keep in mind that both the firm and regulators are concerned that activities are appropriately monitored, and that the public clearly understands whether or not the activity, product, or service is being offered through the broker-dealer with which the associated person is affiliated.

Examples of Potential Outside Business Activities include:

- Independent Registered Investment Adviser association or activity
- Insurance product sales
- Viatical or Life Settlement sales
- Dual securities registration
- Tax/Bookkeeping/Notary Services
- Professional Services: Legal, Accounting, Pension Consultant, Teaching
- Real estate sales
- Property ownership (i.e. landlord, commercial property ownership, etc.)
- Mortgage Services
- Corporate/Non-Profit roles: Board Member, Director, etc.
- Retail sales positions

Let's take a look at Jane Doe, a registered representative of ABC Securities, who is just getting started in the financial services business.

Jane wants to supplement her income by continuing in her past career as a bookkeeper after normal business hours for one of her previous customers, MNO Cleaners.

Since Jane's bookkeeping service is after hours and does not involve securities, is it a reportable outside business activity?

Typically, being employed by or compensated from another source for business activity outside the scope of her relationship with her firm would be deemed an outside business activity.

Jane should provide written notice and receive approval from ABC Securities prior to acting as a bookkeeper with MNO Cleaners. She and ABC will also need to determine whether they may need to ensure this OBA is currently listed on her Form U-4.

Now let's look at John Smith who is a registered representative and has been associated with the independent broker-dealer, XYZ Securities, for 10 years.

Part of John's income is derived from commissions and renewals he receives from insurance product sales conducted through JKL Insurance Brokers, as XYZ does not maintain an insurance agency nor offer insurance products.

Since John's insurance sales do not involve XYZ, does he need to report it as an outside business activity?

Just as in our first case study involving Jane Doe, being employed by or compensated from another source for business activity outside the scope of John's relationship with his broker-dealer would be deemed an outside business activity.

John must provide written notice and receive approval from XYZ Securities for his insurance activity, and should cease this activity until he is certain it has been approved. He and XYZ will need to determine whether they may also need to ensure this OBA is currently listed on his Form U-4.

Our next case involves John Smith's brother, Bill, who recently came to work with John and also became affiliated with XYZ after being employed by KLM Advisors for five years.

KLM allowed Bill to do his clients' taxes each year, and some of his clients that transferred over want him to continue to provide this service.

Since this was already approved by KLM, it was stated on his past U-4, and it's not securities related activity, should Bill continue to provide tax services as he did before arriving XYZ?

Remember that Bill Smith's compensation from another source for business activity outside the scope of his relationship with XYZ Securities would be deemed an outside business activity, and must be disclosed and approved prior to engaging in the activity.

Bill should ensure he has XYZ's approval of this OBA before continuing to engage in it. He and XYZ will need to determine whether they may also need to ensure this OBA is currently listed on his Form U-4.

Understanding current industry regulations and firm policies pertaining to outside business activities and their reporting requirements ensures the associated person has clearly identified their role within and outside their broker-dealer, whether during or after normal business hours.

Following these guidelines will aid in avoiding possible sanctions or disciplinary actions, as well as assist regulators, firms, and supervisors in assuring customers are clear as to the role of their representative and the products or services being offered.

A Definition of Selling Away
Spotlight Series

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I. Introduction
II. Selling Away Defined
III. Selling Away
IV. Conclusion

Disclaimer

This publication is intended as a resource for registrants in the securities and/or insurance industries.

It is not intended to provide legal, accounting or tax advice. It is based upon sources believed to be reliable and accurate. However, no representation or warranty is made as to such accuracy. Readers should consult primary sources where appropriate.

I. Introduction

Receiving compensation for private securities transactions without notifying your firm of the transaction, or if your firm has disapproved of it – is frequently called "selling away." Selling away violates firms' policies and FINRA rules, and can result in disciplinary action and the imposition of sanctions against a registered representative by FINRA.

II. Selling Away Defined

FINRA Rule 3040 establishes the standards by which registered representatives may engage in private securities transactions.

The rule prohibits any person associated with a member firm from participating, in any manner, in a private securities transaction outside the regular course of his or her employment unless prior notice is provided to the member firm "describing in detail the proposed [private securities] transaction and the person's proposed role therein and stating whether he has received or may receive selling compensation in connection with the transaction." The transaction could be one involving either the registered representative's personal securities account, or the purchase or sale of a security by a third party.

III. Selling Away

Be aware that private securities transactions may take many forms. There are countless examples of private securities transactions which may include any of the following types of transactions:

- promissory notes,
- prime bank notes,
- viatical settlements,
- partnership interests,
- participations in hedge funds,
- international investment programs,
- certificates of deposit,
- real estate syndicates, and
- some offshore products or investments.

Many firms go further than FINRA in defining private securities transactions. Some include in their definition such terms as marketing, discussing, soliciting, or referring any product not approved by the firm for sale to its customers. It is important for you to clearly understand the definitions used by your firm with respect to what is, and is not, considered a private securities transaction.

The rules require firms to advise its associated persons in writing whether it approves or disapproves of his or her participation in a transaction in which the associated person may receive selling compensation. "Selling compensation" is defined as any compensation paid directly or indirectly from any source in connection with or as a result of the purchase or sale of a security. This compensation includes, but is not limited to, commissions, finder's fees, securities or rights to acquire securities rights of participation in profits, tax benefits or dissolution proceeds, as a general partner or otherwise, and expense reimbursements.

If a firm approves the proposed transaction, a record of the transaction must be kept in the firm's books and records, and the firm must supervise the associated person's participation, as if the transaction were executed by the member firm. If the transaction is disapproved, the associated person is prohibited from participating in it. Failure to adhere to this requirement could subject a registered representative to sanctions both from his or her employer and any Self Regulatory Organization (SRO) with jurisdiction over the registered representative.

Keep in mind, that if no compensation is to be received, the firm must still provide written acknowledgment of the associated person's notification. At the firm's discretion, the associated person may be required to adhere to specified conditions in connection with the transaction. In the case of a series of related transactions in which no compensation will be received, a single written notice is sufficient.

While it would be impossible to create an exhaustive list of transactions that have been deemed to constitute selling away, the following types of unapproved transactions may well be considered a violation of FINRA Rule 3040:

- borrowing funds from customers utilizing promissory notes;
- Inducing customers to make investments in private offerings;
- selling promissory notes;
- switching a firm customer from one product to another outside of the firm;
- placing orders for customers in accounts at other broker-dealers to implement a financial plan devised for them; and
- purchasing a limited partnership interest for oneself.

Selling away violations may surface through a variety of venues.

- Customer complaints -- Customers frequently make the allegation that they would not have made the investment but for their understanding that it was approved by or offered through the firm, citing the fact that the registered representative was associated with the firm as proof of this claim. If you do not have appropriate documentation that the transaction was not conducted under the firm's sponsorship, it will be difficult to prove that the customer's claim is unfounded.
- Branch audits or regulatory examinations -- many examiners uncover evidence of selling away by comparing check receipts with purchases and sales blotters. This comparison usually discloses that the amount of client money received by the branch is not accounted for in transactions effected for the customers' accounts.

A plan instituted by the broker-dealer to circumvent reasonable controls -- In such cases, the selling away results merely from a lack of awareness on the part of the salesperson or failure of the broker-dealer to communicate proper procedures. There are some instances in which associated persons engage in private securities transactions without notifying their firm based upon the belief (or the mistaken advice of third parties) that the product involved is not a security and, therefore, is exempt from regulation.

Federal securities laws define a security as commonly understood products, such as stocks and bonds, as well as other investment products, for example, leasing arrangements and promissory notes. Because questions frequently arise as to whether a particular investment instrument is a security, you should not sell any product offered by an entity outside the firm without consulting the member to determine if the product is a security. Additionally, approval should be sought before conducting *any* business activities or securities transactions that may fall outside the normal scope of selling.

FINRA has specifically noted that in its experiences of examining members it has come across frequent incidents of salespeople in remote offices engaging in

unapproved private securities transactions. Because of their remote location and other circumstances of their employment, off-site personnel have greater opportunity than persons working in more traditional branch offices, with on-site managers, to engage in undetected selling away practices. This is especially true in the case of off-site representatives whose day-to-day access to compliance personnel and others in the securities industry may be limited.

Operators of these local offices are also prime targets for promoters of unusual or extraordinary investment schemes, for example, viatical settlements, because the promoters of such schemes offer higher commissions than usual. FINRA has also said that misappropriation of clients' funds is a problem which frequently surfaces in small remote offices. Therefore, off-site representatives and personnel need to be more diligent that the activities they engage in do not violate these rules.

Regular on-site supervision of these offices is made more difficult as the operators of these offices view themselves as independent from the broker-dealers with whom they are registered (when, in fact, many are independent contractors) and also the fact that many of these offices are geographically dispersed.

One important point to remember is that while some firms permit off-site representatives to form and sell interests in limited partnerships for which they also serve as general partners, these transactions are securities and – while not prohibited – are subject to the rules and regulations governing them.

Both associated persons and their employing member firms are responsible for ensuring that the formation of these partnerships and the solicitation and sale of interests therein are conducted in compliance with all applicable requirements, including those pertaining to documentation, due diligence, disclosure, suitability determinations and the handling of customer funds.

IV. Conclusion

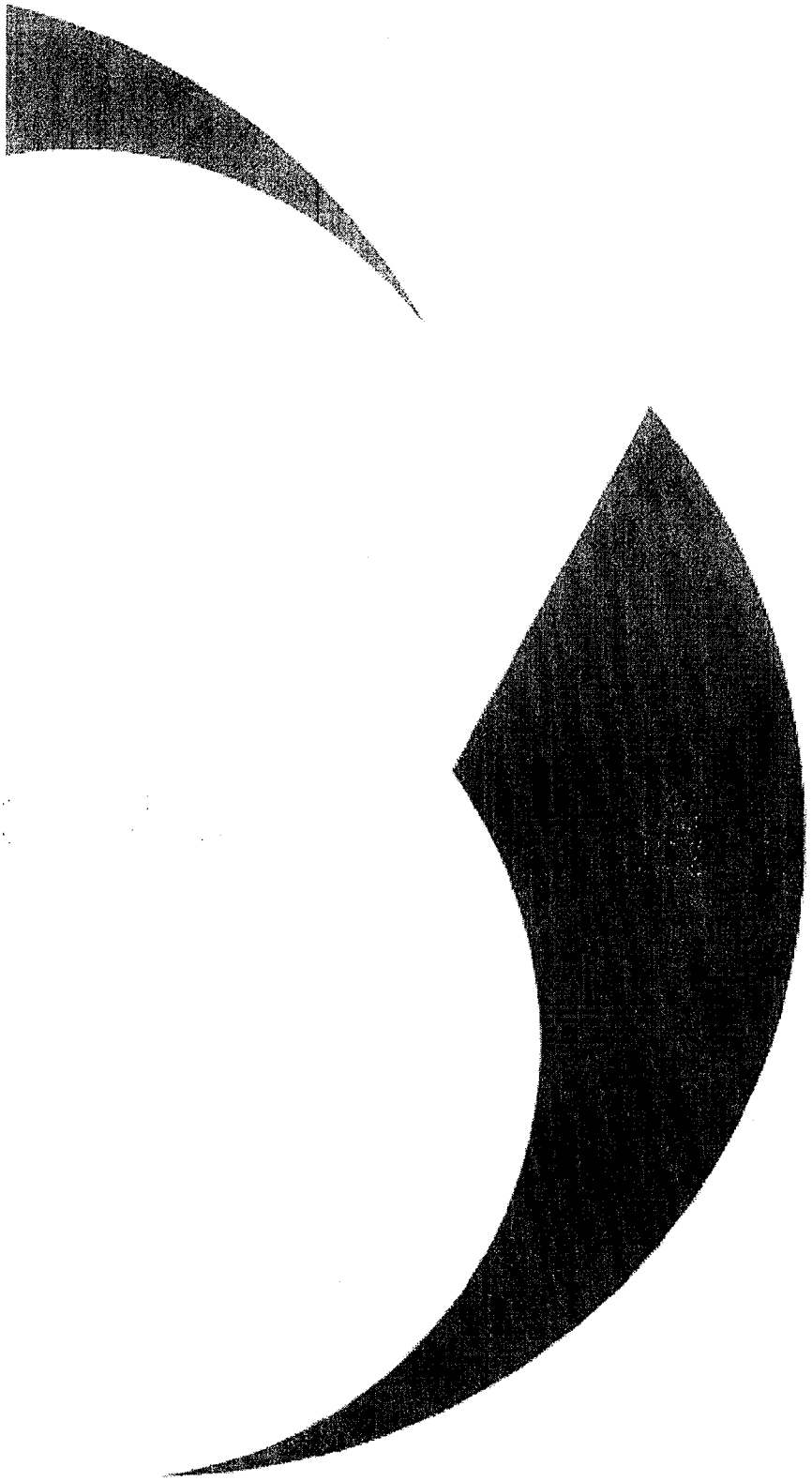
FINRA takes violations of these rules and regulations very seriously and will consider suspending any individual who is found to have "sold away" from employment by or association with a member firm in any or all capacities for up to two years. In the most serious cases, a person may be barred altogether.

On a supervisory level, if a member firm receives written notice of a private securities transaction, but fails to provide written notice of approval, disapproval, or acknowledgment, FINRA will consider suspending responsible supervisory personnel from employment or association in any or all capacities for up to two years.

End of course.

ACM OnDemand

Selling Away



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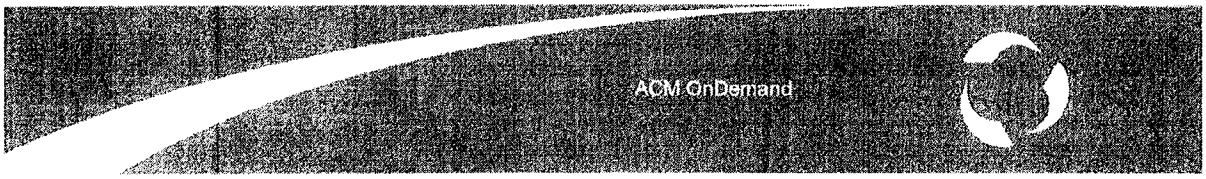

Introduction

Receiving compensation for private securities transactions without notifying your firm of the transaction, or if your firm has disapproved of it – is frequently called "selling away." Selling away violates firms' policies, FINRA (formerly NASD) rules and can result in disciplinary action and the imposition of sanctions against a registered representative by the FINRA (formerly NASD).

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Selling Away

Be aware that private securities transactions may take many forms. There are countless examples of private securities transactions which may include any of the following types of transactions.

- Promissory Notes
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- Partnership Interests
- Participations in Hedge Funds
- International Investment Programs
- Certificates of Deposit
- Real Estate Syndicates
- Some offshore products or investments

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If a firm approves the proposed transaction, a record of the transaction must be kept in the firm's books and records, and the firm must supervise the associated person's participation -- as if the

transaction were executed by the member firm. If the transaction is disapproved, the associated person is prohibited from participating in it. Failure to adhere to this requirement could subject a registered representative to sanctions both from his or her employer and any SRO with jurisdiction over the registered representative.
Keep in mind, that if no compensation is to be received, the firm must still provide written acknowledgment of the associated person's notification. At the firm's discretion, the associated person may be required to adhere to specified conditions in connection with the transaction. In the case of a series of related transactions in which no compensation will be received, a single written notice is sufficient.
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- Switching a firm customer from one product to another outside of the firm
- Placing orders for customers in accounts at other broker-dealers to implement a financial plan devised for them
- Purchasing a limited partnership interest for oneself

Selling away violations frequently surface through:

o Customer complaints -- Customers frequently make the allegation that they would not have made the investment but for their understanding that it was approved by or offered through the firm, citing the fact that the registered representative was associated with the firm as proof of this claim. If you do not have appropriate documentation that the transaction was not conducted under the firm's sponsorship, it will be difficult to prove that the customer's claim is unfounded.

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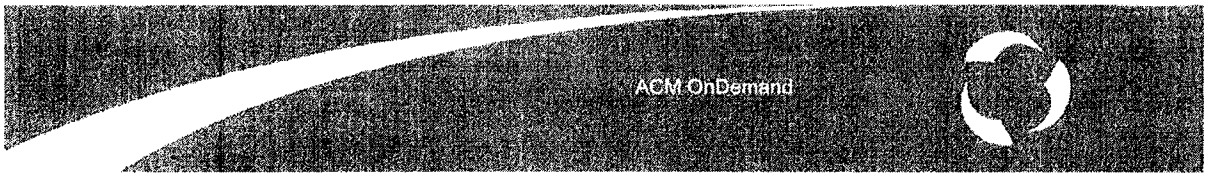

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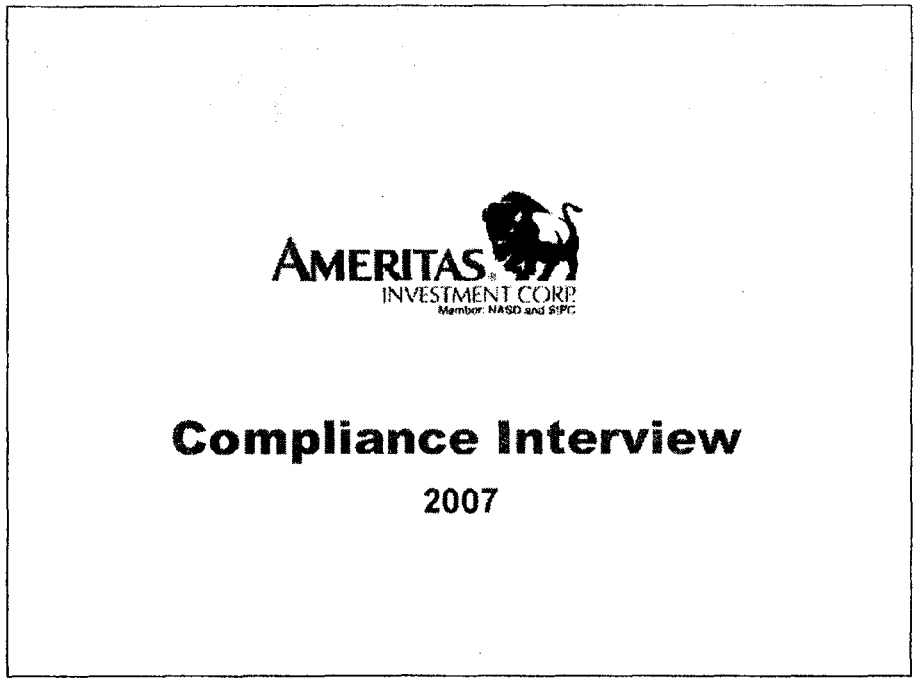
FINRA (formerly NASD) takes violations of these rules and regulations very seriously and will consider suspending any individual who is found to have "sold away" from employment by or association with a member firm in any or all capacities for up to two years. In the most serious cases, a person may be barred altogether.

On a supervisory level, if a member firm receives written notice of a private securities transaction, but fails to provide written notice of approval, disapproval, or acknowledgment, FINRA (formerly NASD) will consider suspending responsible supervisory personnel from employment or association in any or all capacities for up to two years.

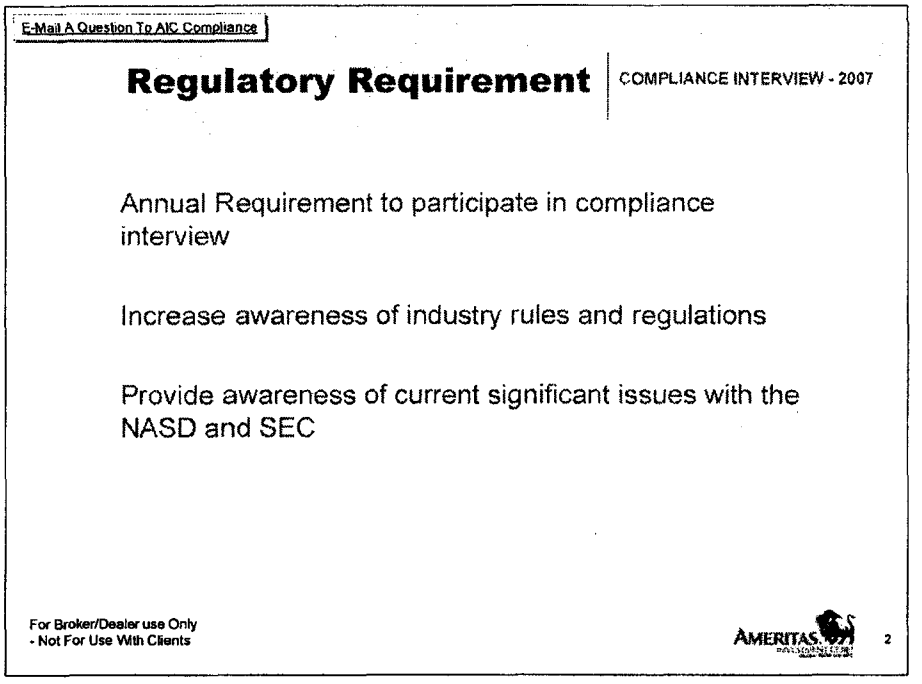


Welcome to the 2007 Ameritas Investment Corp. Compliance Interview.

Again this year, we are making the interview available to you in this on-line format for your convenience. You will need to complete the presentation in its entirety and complete the certification at the end which allows for verification of this annual requirement.

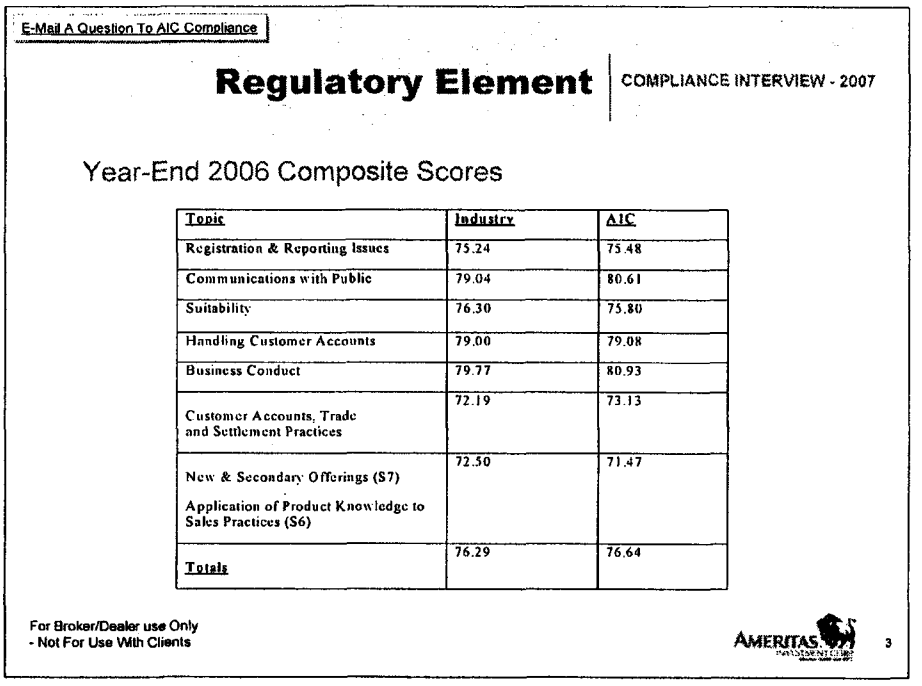
Also, throughout this presentation you have the opportunity to e-mail the Compliance Department any questions you may have about the material we are about to cover. Please click on the button in the upper left-hand corner at any time during the presentation to send us your questions.

If you encounter technical difficulties during this presentation, please contact the TOOLS Support desk at 888-342-3690 Option 3. This number can also be found on the RegEd website and in the corresponding letter you received from the Compliance Department.



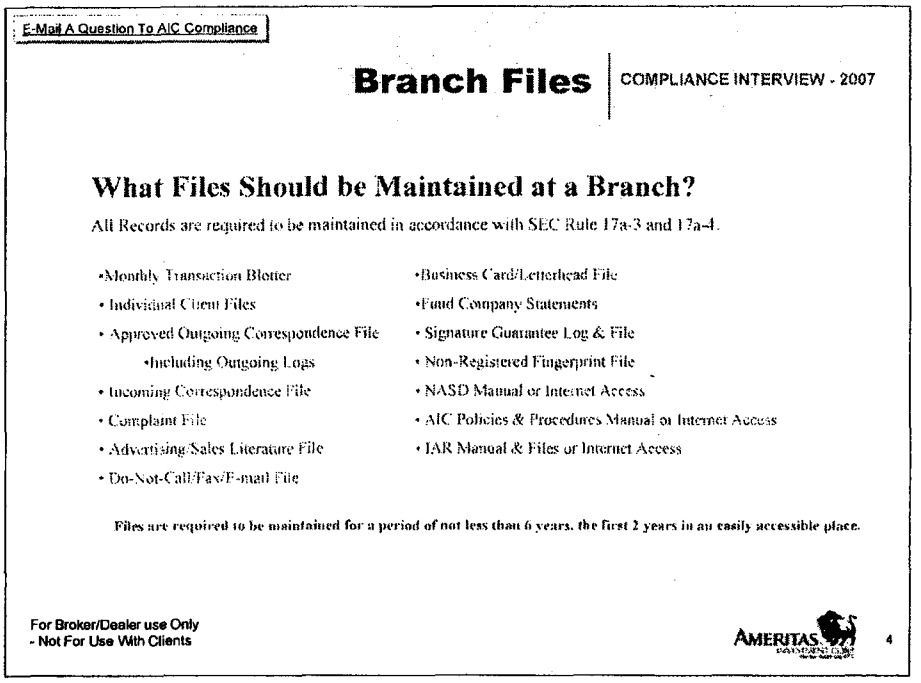
This annual continuing education requirement is utilized to help keep you apprised of industry rules and regulations as well as alert you to current significant issues as identified by the regulatory agencies.

This year's interview will begin with a general overview of books and records requirements for your office or OSJ and will conclude with a more in-depth look at AIC's policies and procedures involving two popular product types - Equity Indexed Annuities and Alternative Investments.



Every quarter the Securities Industry Continuing Education Program compiles the scores received by the individuals who have completed the Regulatory Element Continuing Education Program. As noted in the totals represented on the screen, AIC scores are in line with the industry averages in all categories with only 2 scoring slightly below average in the areas of suitability; and new and secondary offerings for Series 7 reps and Application of Product Knowledge to Sales Practices for Series 6 reps.

This information is reviewed by AIC and used to help select the courses which comprise the annual Firm Element program.



As a registered branch office of AIC, you are required to maintain certain files that comprise your Books and Records.

These files include the monthly transaction blotter containing copies of each month's completed blotter; Outgoing Correspondence file containing copies of pre-approved correspondence as well as the Outgoing Correspondence Log with copies of correspondence submitted for post approval; and an Incoming Correspondence File with copies of all letters received during the month. These files are required to be maintained on a monthly basis for the current calendar year.

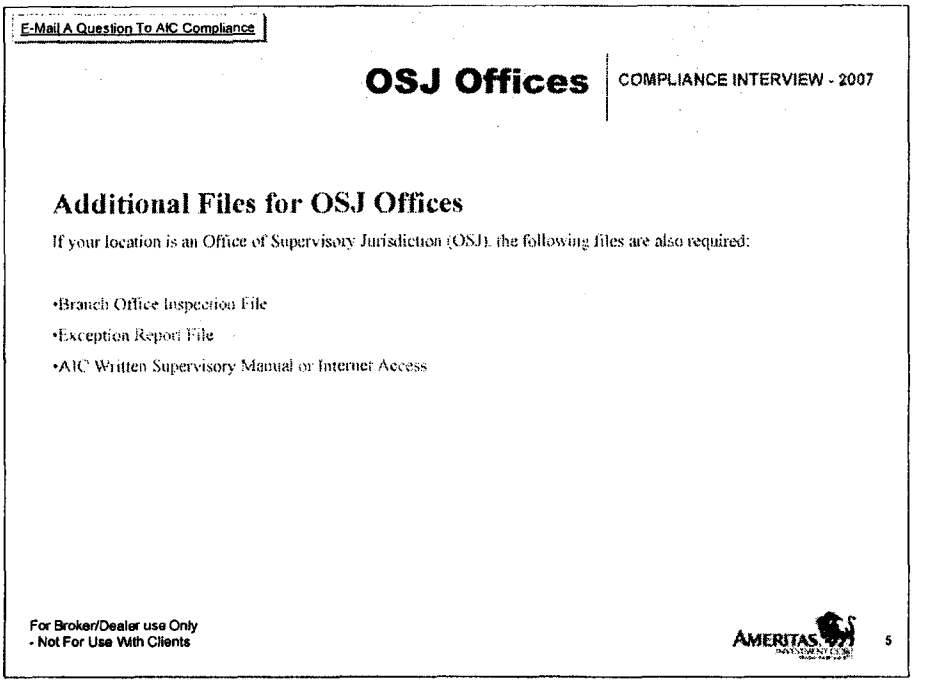
In addition you are required to keep a complaint file with copies of any complaints your office may have received; and an advertising/sales literature file containing copies of all approved advertising - these files are maintained chronologically for the current calendar year.

The Do-Not-Call/Fax/E-mail; business cards/letterhead; Signature Guarantee Log; and Non-Registered Fingerprint Personnel files are to be continuously maintained and current at all times.

Client files are to be maintained according to AIC's policies and procedures with files for closed accounts being retained for a period of 6 years; after such time those files may be destroyed in an appropriate manner. Copies of fund company statements do not need to be retained in the individual client file but may be filed separately in an easily retrievable manner.

All AIC books and records files are to be retained in a readily accessible place for the first 2 years of their retention period. NASD defines 'readily accessible' as being able to access the requested file within 24 hours.

All representatives are also required to maintain immediate access to all AIC policies and procedures manuals by either bookmarking the page on the tools4you website or printing a hard copy to maintain in your office.

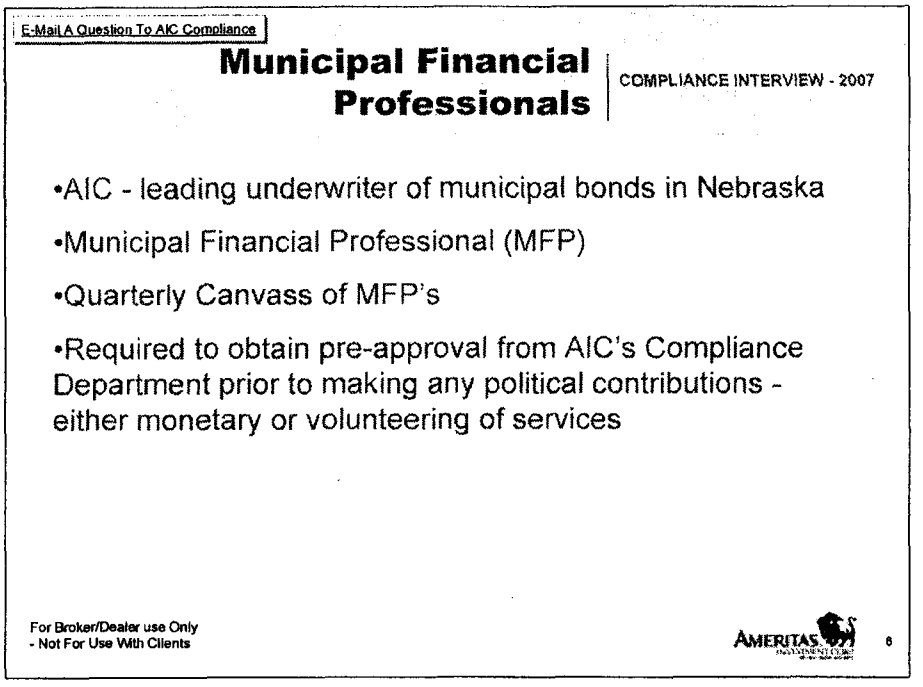


If your office is designated and approved as an Office of Supervisory Jurisdiction (OSJ) you are required to maintain certain files in addition to those outlined on the previous screen.

Your duties as an OSJ Supervising Principal require you to conduct office inspections of registered representatives under your supervision, review exception reports for these individuals and maintain a copy of AIC's Written Supervisory Manual.

Periodically, the AIC Compliance Department will send you a status report outlining the offices under your supervision that are required to have an office inspection conducted during the calendar year. These inspections are to be completed no later than September 30th of the current year.

Every month the Compliance Department may also send you Exception Reports for various transactions completed by the Representatives under your supervision that require a more thorough review. Please note, transactions appearing on these reports are not automatically deemed to be inappropriate but have fallen within our stated parameters and require follow-up.

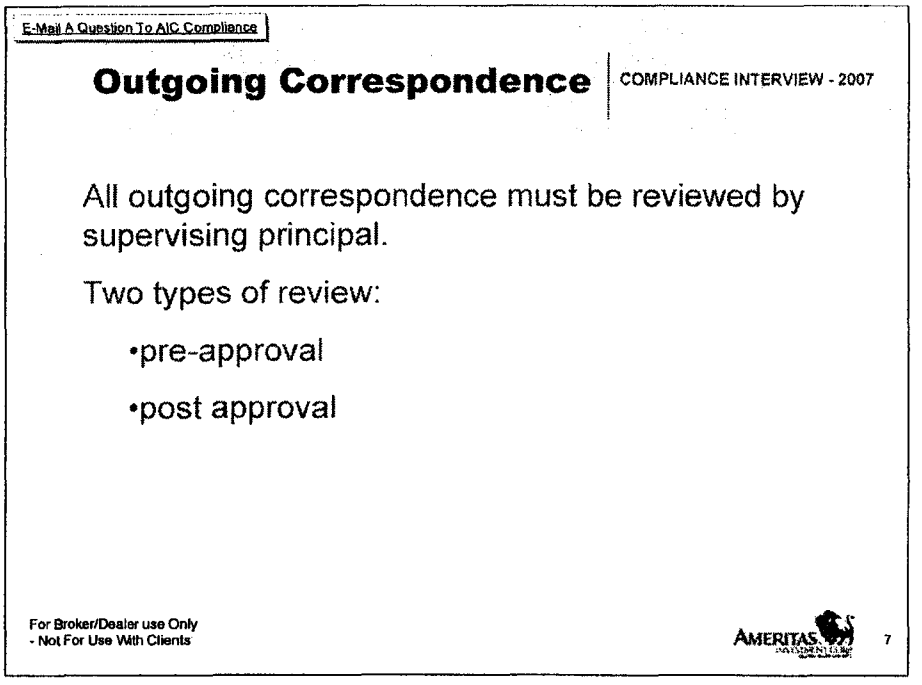


•As a leading underwriter of Municipal Bonds in the state of Nebraska, AIC requires all Registered Representative's to be aware of policies & procedures relating to Municipal Financial Professionals (MFP) and Political Contributions.

• Any AIC associate who is or becomes primarily engaged in municipal representative activities as defined by MSRB Rule G-37(g)(iv) are considered Municipal Financial Professional's or MFP's. On a quarterly basis, the Compliance Department is required to canvass all MFP's for complete disclosure of their political contributions made during the previous quarter.

• All Series 7 representatives licensed in states where AIC currently conducts or has the potential to conduct municipal business activities, all designated municipal finance professionals, and all executive officers must seek the approval of AIC's Chief Compliance Officer or designee prior to making any political contributions. **Political contributions made to elected officials of issuers with which AIC conducts municipal securities business may prohibit AIC from doing municipal securities business with the issuer.**

• RR's failing to obtain pre-approval for political contributions pose a significant business risk to AIC. As such, AIC's disciplinary process in this regard is also significant.



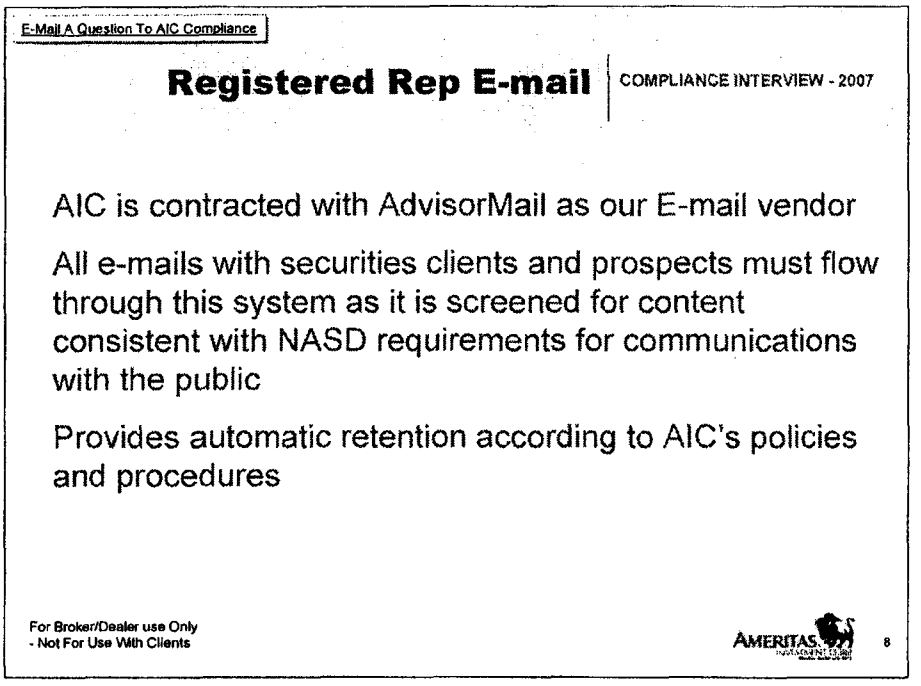
NASD Rule 3010(d)(2) requires all correspondence be reviewed by an AIC principal. To comply with this requirement, AIC has incorporated two types of review processes: pre-approval and post-approval:

In the Pre-approval process, any letter that contains a solicitation or makes a securities recommendation must be reviewed and approved by a designated principal prior to being sent to a client or prospect.

Our post approval process applies to any letter that is purely administrative in content. These letters are required to be recorded on the Outgoing Correspondence Log and submitted for review to the home office or your OSJ principal at the end of each month.

This approval process does not negate the books and records requirement for outgoing correspondence. As such, copies of all letters must also be maintained in your Outgoing Correspondence File for review during your on-site office inspection.

In addition, E-mails sent through the AdvisorMail server require pre-approval when being sent to 25 or more recipients. Please submit e-mail content to the AIC Compliance Department using the Advertising and Sales Literature Review Submission Form for review and approval prior to sending. This requirement for review also includes any form of Weekly Commentary or newsletter your office may generate.

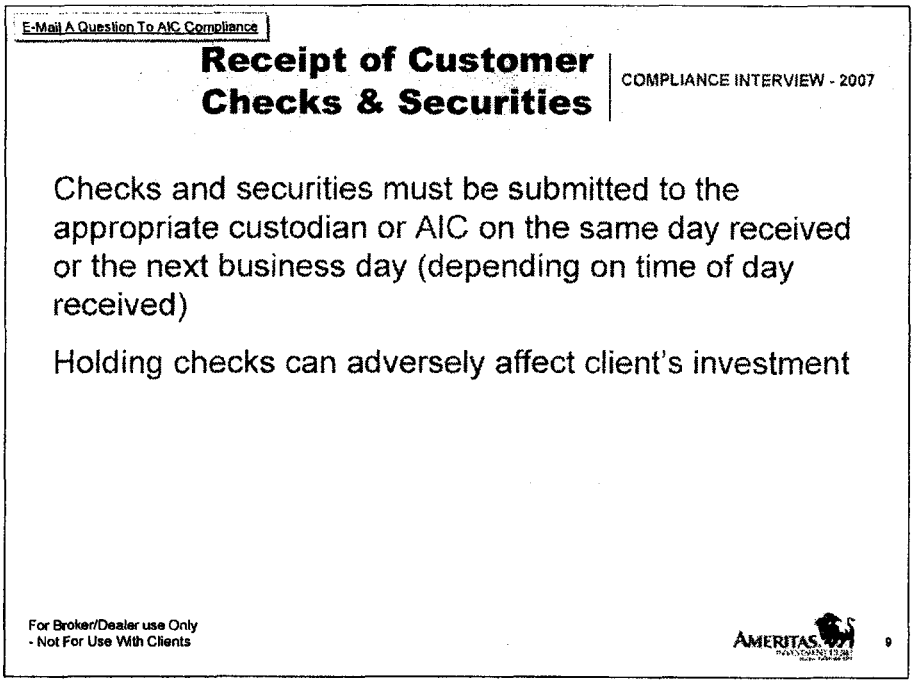


AIC has contracted with AdvisorMail to enable Registered Representatives to communicate with current and potential securities clients using their e-mail address that is monitored through the system. AdvisorMail is designed to allow you to use either your assigned @aicinvest.com e-mail address or to register your own domain name for use through the system.

All e-mails flowing through this server are automatically screened by the system for compliance with NASD rules. Any e-mail that is identified for additional review, is then flagged for the Compliance Department who will review and follow-up with the registered representative as appropriate.

In addition to the pre-screening feature, the AdvisorMail system automatically retains all e-mails according to industry standards and AIC's retention policy. This feature eliminates the need for registered representatives to record e-mails on either their Incoming or Outgoing Correspondence Logs.

In the event that a client uses your personal e-mail address, simply forward that e-mail to your AdvisorMail account and respond accordingly.

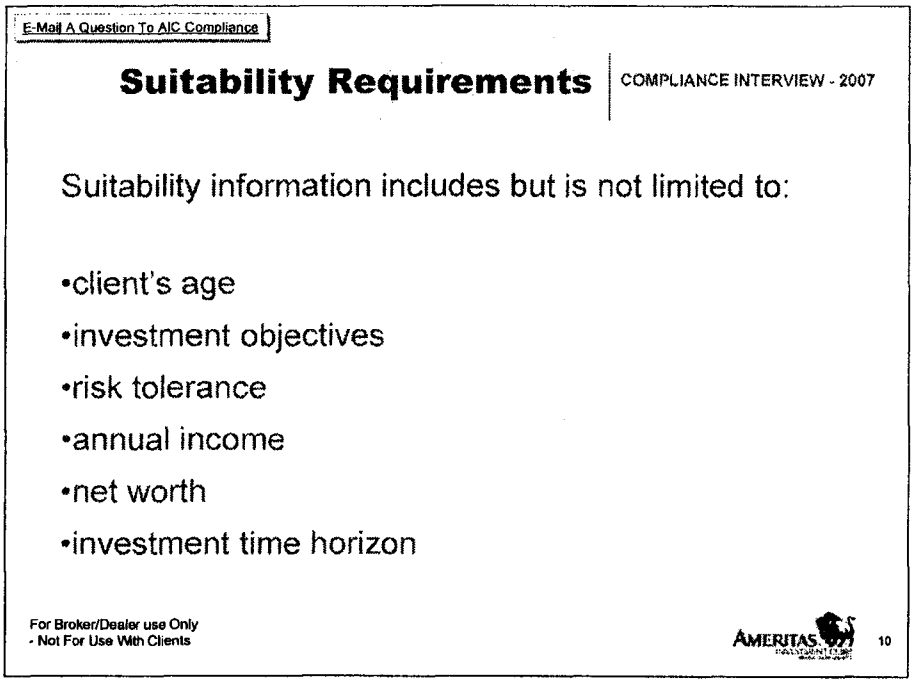


In accordance with the Customer Protection Rule (SEC Rule 15c3-3), you are required to promptly transmit all checks and securities for deposit into customer accounts to the appropriate custodian or AIC. Promptly means no later than the next business day.

In addition, the Customer Protection Rule requires that customer checks for deposit be made payable to the custodian, not AIC. In the event a customer makes his/her check payable to AIC, you should inform your customer of the correct payee for future reference. Notwithstanding, please promptly forward the check to AIC for handling.

Under no circumstances should customers ever write their checks out to you or your company for securities related activities. In the event that this happens, please contact AIC's VP of Operations to determine appropriate handling.

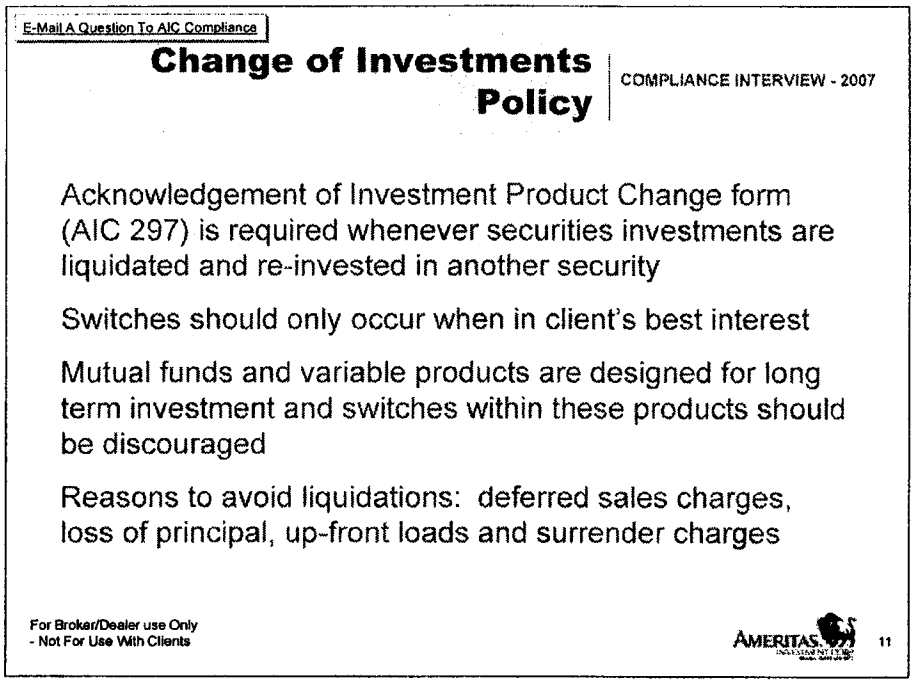
Good business practice dictates that you consider the method by which you send checks and/or securities certificates to AIC or the vendor for processing. Consideration should be given as to whether or not a trade is pending as well as potential volatility of the securities marketplace. Further, any securities certificates that are properly endorsed are negotiable and require extra steps to help ensure their guaranteed and traceable delivery to AIC - for example Federal Express versus standard US Mail.



NASD Rule 2310. Recommendations to Customers is known as The **KNOW YOUR CUSTOMER** rule. Prior to making any securities recommendation, RRs must obtain certain personal and financial information necessary to determine suitability. Such information includes but is not limited to: client's age, investment objectives, risk tolerance, annual income, net worth and investment time horizon.

As a Registered Representative you may not recommend the purchase or sale of a security unless there are reasonable grounds to believe that the recommendation is suitable for your customer.

Registered Representatives should not offer or sell any security that has not been determined to be a suitable and appropriate investment for the customer (on the basis of the customer's responses on the AIC new account form or vendor application).



When securities investments are liquidated and subsequently invested into other securities investments, (a switch), an AIC Acknowledgement of Investment Product Change form is required. A switch letter must be completed by the registered representative, signed by the client and reviewed by an OSJ Principal. This form acknowledges the client's understanding of the potential loss of principal and the assessment of deferred sales charges or surrender fees. The holding period of the original investment must also be disclosed and the reason for the liquidation and subsequent purchase must be thoroughly documented within the material facts section of the form.

Switches should occur only when they are deemed to be in the best interest of the client or at the request of the client; and, in all such cases, an Acknowledgement of Investment Product Change Form is required. (Please note - there are some exceptions: The form is not required when:

•the source of funds is a company sponsored qualified plan;

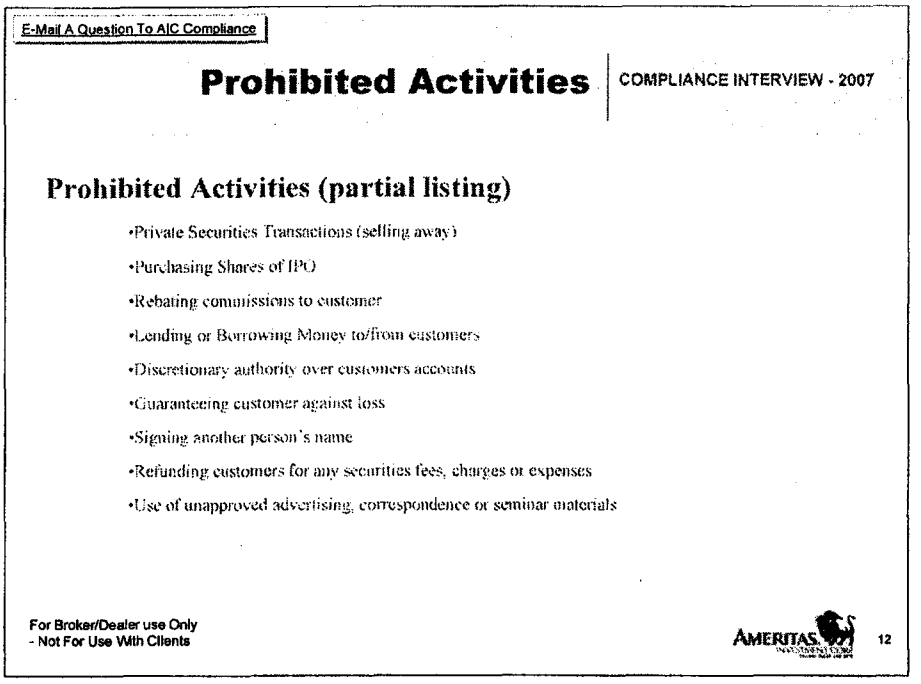
• a money market vehicle with liquidation proceeds held longer than 60 days; or,

•for any activity within an RRs own account)

Please be mindful of switch activity transacted within brokerage accounts as these also require completion of switch letters.

Since mutual funds, variable life and annuity products are designed for long term investing, clients should be discouraged from switching these products.

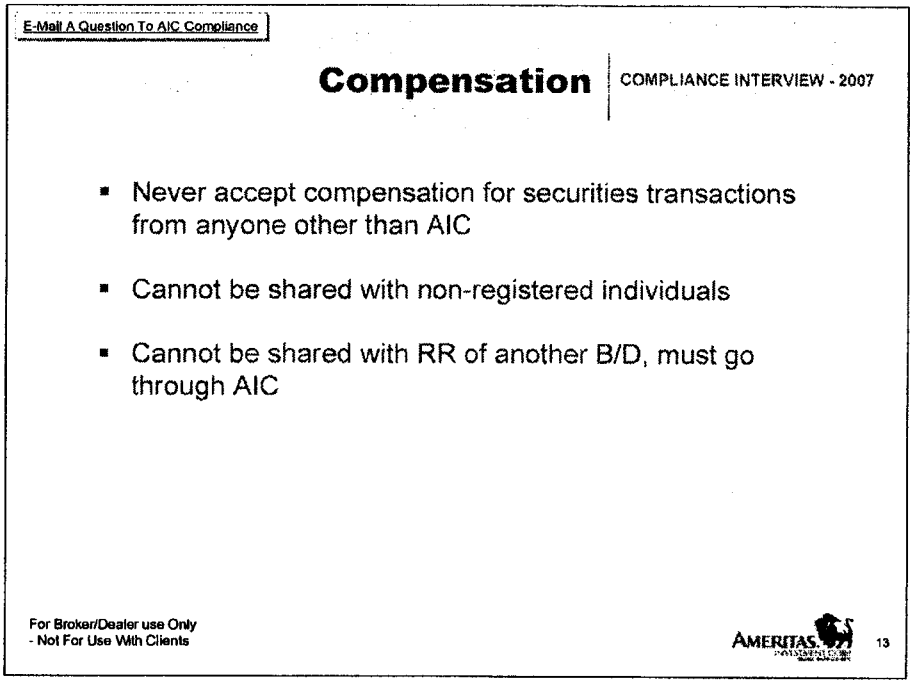
Some reasons to avoid liquidations include: deferred sales charges, loss of original principal, up-front loads and surrender charges.



Rebating commissions to customers,
lending or borrowing money to/from customers,
discretionary authority,
signing another person's name (with or without permission),
selling away, and
using unapproved advertising.

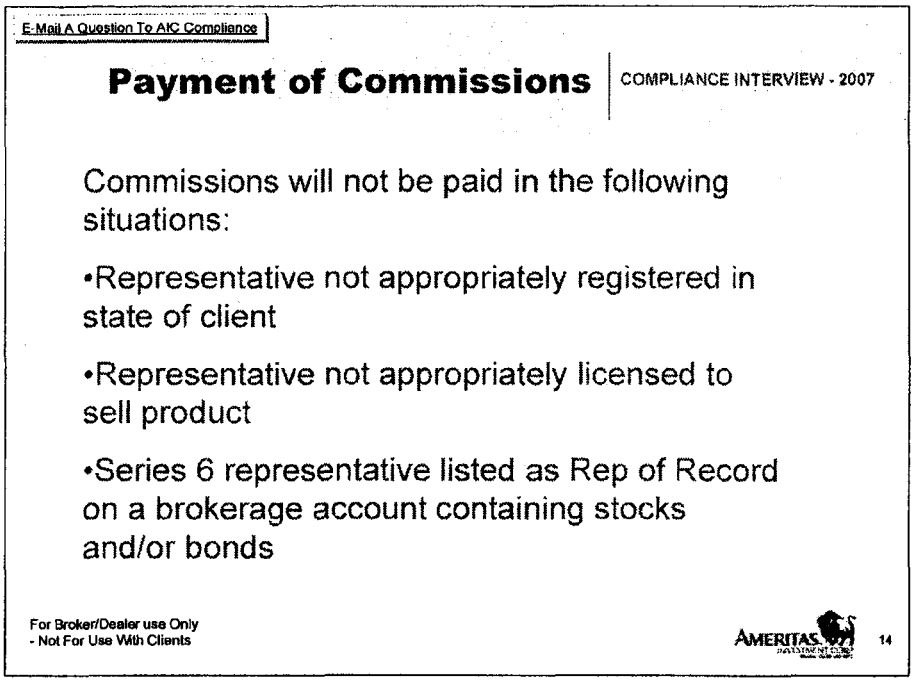
These activities represent a partial listing of activities that are prohibited as a registered representative of AIC. Participation in these activities may give rise to disciplinary action being taken by a regulator or AIC.

The AIC Policies and Procedures Manual Section 2.55 Limitations Restrictions and Prohibitions provides more information regarding unacceptable activities. Please refer to this section of the manual for more complete information.



As a registered representative of AIC, you are not to accept compensation from anyone other than AIC.

In addition, compensation for securities related activities cannot be shared with non-registered individuals or a representative associated with another broker/dealer.

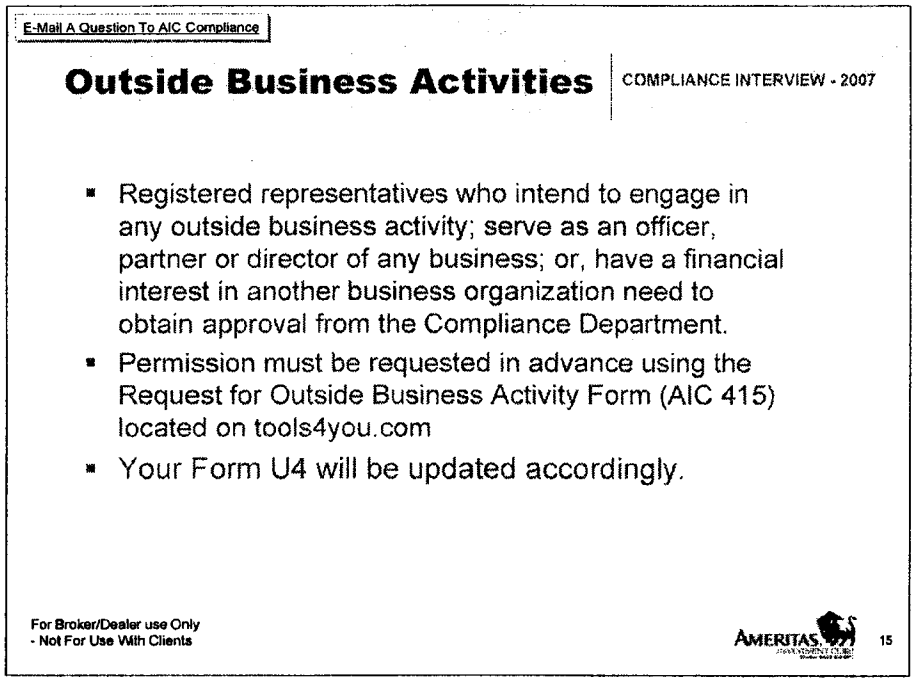


Registered Representatives are not permitted to receive payment for transactions for which they are not appropriately licensed or registered to sell. In order for a representative to communicate with a client regarding securities products, including variable products, the representative must ensure that they have met all NASD and state requirements for the state in which the client resides, the state in which the representative works and, if applicable, the state where the transaction occurred. For instance, a representative in Kansas that meets an Iowa resident in Missouri to discuss a securities product, must be securities registered in all three states in order to proceed with that transaction.

In addition, in the event that your client moves after the initial transaction occurs, you are required to register in your client's new state of residence in order to continue receiving commissions on their account.

As a registered representative, you are also required to ensure that you are properly licensed to sell the product to your client - Series 6 license versus Series 7 license. If you sell a product for which you are not licensed, you will not receive commissions on the related transaction and such activity may subject you to disciplinary action.

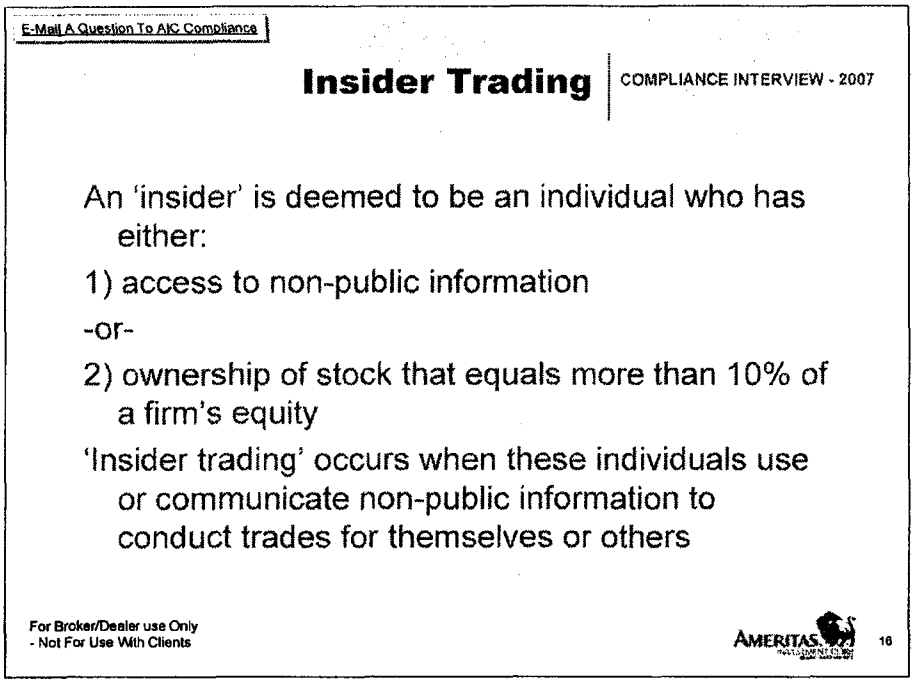
A Series 6 representative cannot be listed as the Rep of Record on a brokerage account that contains stocks and/or bonds. If the account is split with a Series 7 representative, the commissions will be paid to the Series 7 representative and the Series 6 representative will be asked to remove themselves from the account.



As a registered representative of AIC you are required to obtain pre-approval from the Compliance Department if you are currently engaged in, or, intend to engage in, any outside business activity; serve as an officer, partner or director of any business; or have a financial interest in another business organization.

The Request for Outside Business Activities Questionnaire can be found on tools4you.com. You simply need to complete this form and submit to AIC for review and approval prior to engaging in the activity.

Please be aware that your Form U4 is required to be updated to reflect any Outside Business Activity.



An 'insider' is defined as an individual who has access to non-public information or someone who owns stock that equals 10% or more of a firm's equity.

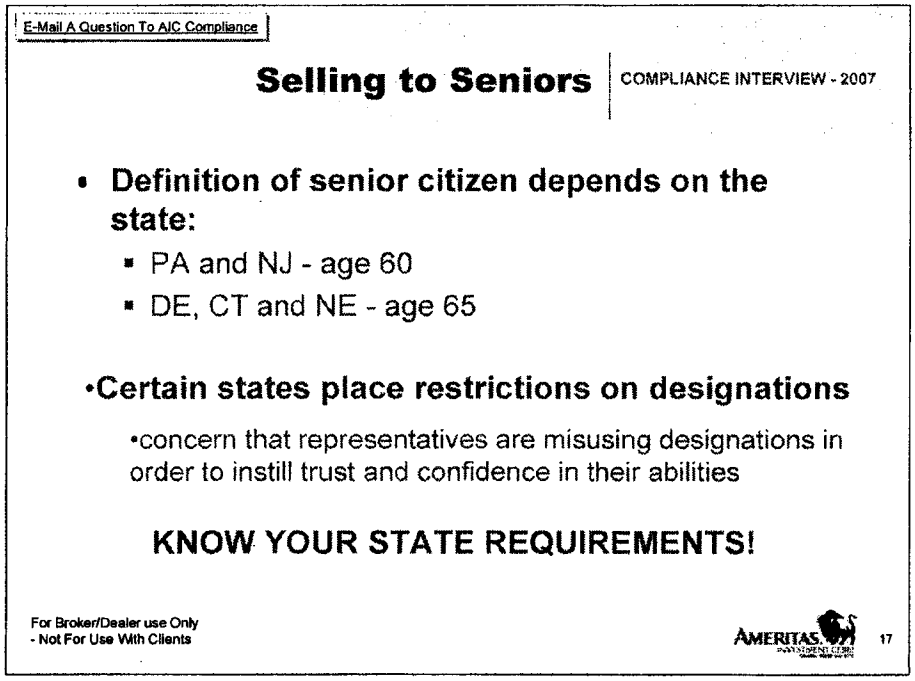
'Insider trading' occurs when these individuals use non-public information to effect trades for themselves or others for profit or through the communication of the material non-public information.

AIC's policies and procedures expand the definition of an insider to include not only officers, directors, registered representatives and associates but members of their households as well.

Material information is generally defined as 'information for which there is a substantial likelihood that a reasonable investor would consider it important in making their investment decisions - or - information that is reasonably certain to have a substantial effect on the price of a security.

Types of information that are considered to be material include, but are not limited to: dividend changes, stock splits, earnings, estimates, merger or acquisition information, litigation and litigation problems and major economic developments.

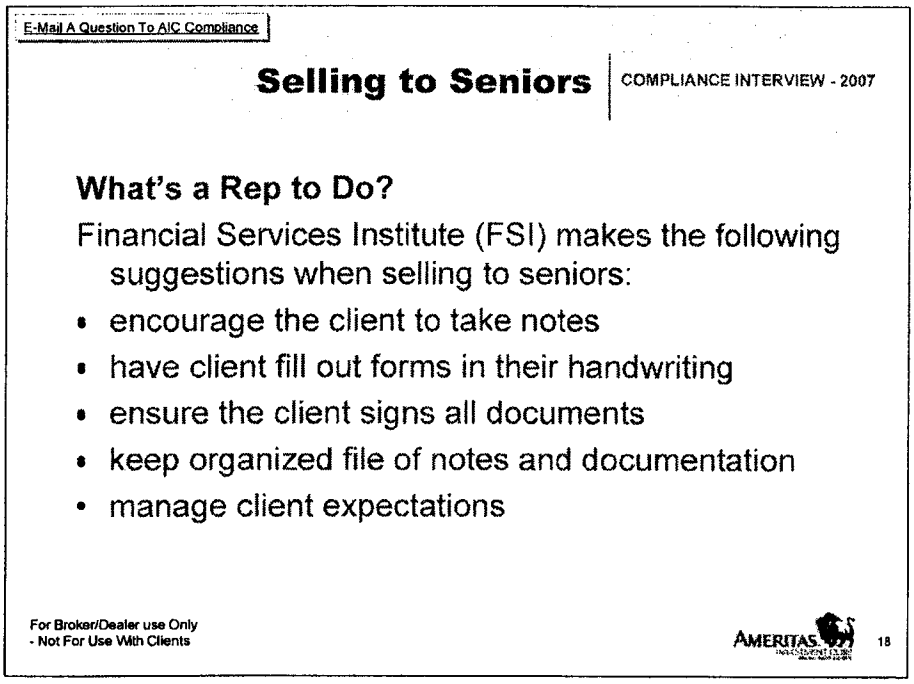
Please refer to Appendix A of AIC's policies and procedures manual as it contains more complete information regarding Insider Trading.



Selling to Seniors continues to remain a significant area with all regulatory bodies. According to a recent web conference hosted by Financial Services Institute (FSI) the definition of a senior citizen may depend on the state in which you are conducting business. As indicated by this slide, Pennsylvania and New Jersey define a senior citizen as anyone age 60 and over; whereas, Delaware, Connecticut and Nebraska place that age at 65 and over.

In addition to defining a senior citizen by age, states have expressed concern over the use of designations by registered representatives to gain the client's trust and confidence in their abilities. States are taking action to protect their citizens from designation abuse. For instance, the Certified Senior Advisor (CSA) designation has recently been criticized by the state of Massachusetts and is not allowed in the state of Nebraska.

As a general rule, you need to ensure that you know the laws of the states in which you conduct business so that you are not inadvertently in violation of any state law.



During the aforementioned web conference hosted by FSI, the following tips for meeting with clients who are senior citizens were offered:

•encourage the client to take notes

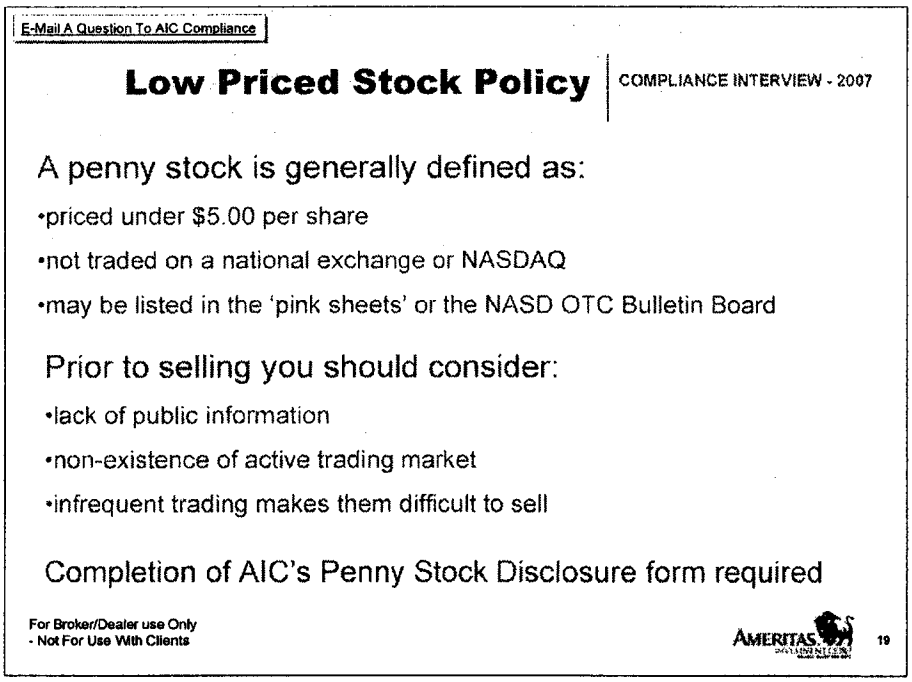
•have client fill out forms in their own handwriting

•ensure the client signs all documents

•keep an organized file of notes and documentation from your meetings

•and, manage your client expectations

In addition, AIC encourages you to have another family member present whenever possible when dealing with senior citizens. This may help ensure that your communication with the client is not misinterpreted.



A penny stock is generally defined as a security that is:

•priced under $5.00 per share

•not traded on a national stock exchange or NASDAQ

•may be listed in the 'pink sheets or the NASD OTC Bulletin board

If your customer places an unsolicited order with you to purchase a penny stock, you should ensure your customer considers:

•the lack of public information

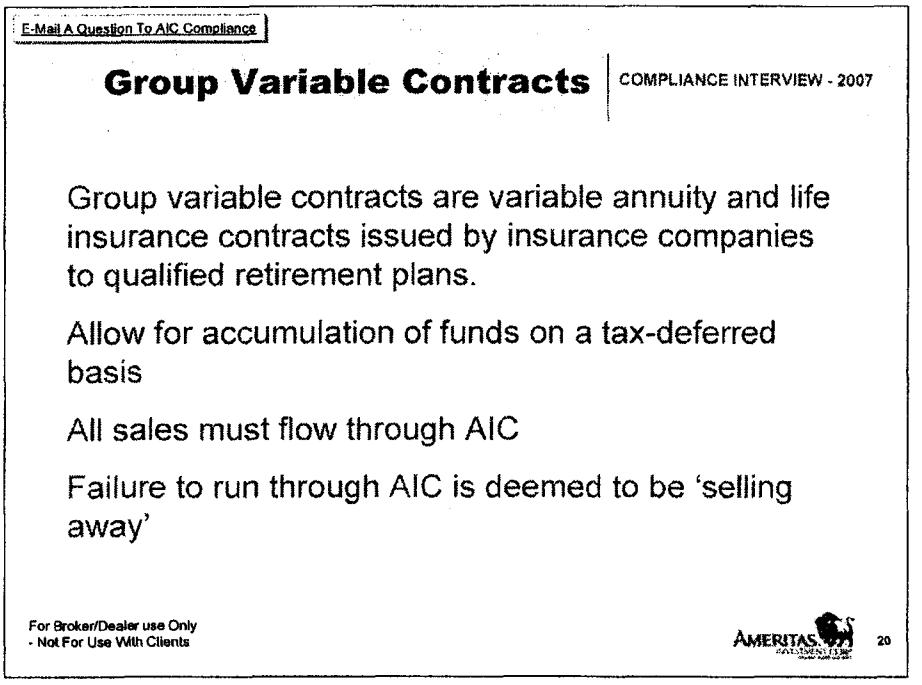
•that the non-existence of an active trading market presents an inability to price the issue

•and, infrequent trading may make them difficult to sell

Since these issues and risks, that are inherent to penny stocks, must be disclosed to a client prior to the sale, AIC requires the completion of the Penny Stock Disclosure Form for the first unsolicited purchase of any low-priced equity issues. Please note - unsolicited subsequent purchases of the same issue within 12 months do not require the additional disclosure form.

AIC does not permit you to solicit and/or recommend the purchase or sale of a penny stock.

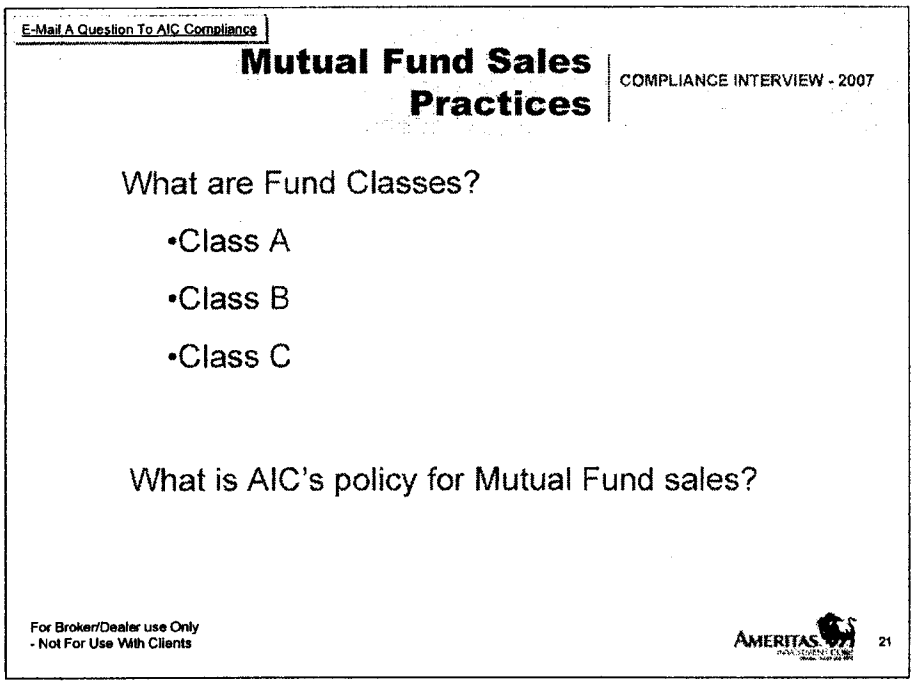
One of the most often asked questions is whether or not a transaction is considered to be solicited or unsolicited. In reality, there are very few true unsolicited transactions. An unsolicited transaction occurs when the customer communicates to the registered representative exactly what stock or fund to buy or sell, when to buy or sell and the number of shares involved. Since the majority of customers will ask their RR for advice or recommendations at some point during their conversation it becomes very difficult to qualify a transaction as being truly unsolicited. Even if the RR does not initiate the communication with their client, as soon as recommendations or advice are given the transaction becomes solicited. Please be aware of this definition when completing security documentation.



Group variable contracts are variable annuity and life insurance contracts issued by insurance companies to qualified retirement plans. These products can be distributed to a qualified retirement plan directly by the insurance company or through broker/dealers.

These plans allow for the participants, either through employer and/or employee contributions, to accumulate funds on a tax-deferred basis. These balances are then paid out to employees when they retire or terminate employment.

NASD Conduct Rules apply to the sales of group variable contracts by broker/dealers and their registered representatives. As such, AIC is required to supervise these transactions and all sales must flow through the broker/dealer. AIC is required to have a sales agreement in place for all existing plans and future contracts must be approved by AIC's Due Diligence committee before any business can be written. All commissions from the sales of these products must be paid directly to AIC. In turn, AIC will pay the registered representative. Failure to run these contracts through AIC is deemed to be 'selling away' and places the representative in violation of AIC's policies and procedures.



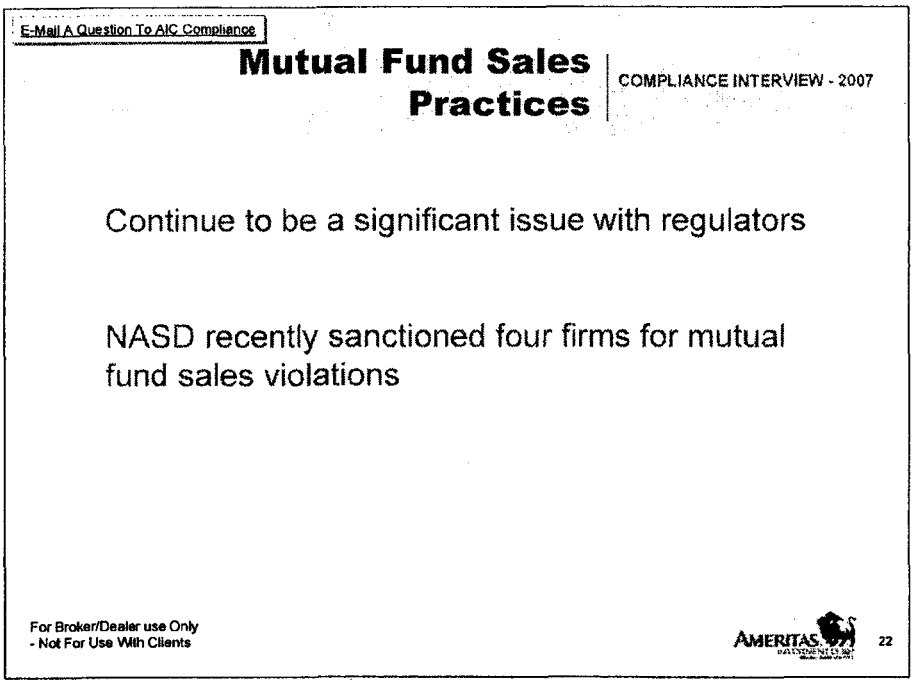
As you contemplate the sale of mutual funds to your client it is important that you understand the different share classes and expenses and limitations of each class. Each class within a particular mutual fund represents an interest in the fund's portfolio and is differentiated by thedifferent fees and expenses that are incurred.

When a client purchases Class A shares they will incur a front-end sales charge which means that not all of their money is invested. These shares can also impose an asset-based sales charge but it is generally lower than the same charge for Class B or Class C shares. Class A shares also offer breakpoints - this is a discount on the front-end sales charge if the client is making a large purchase, already holds funds in the same fund family or commits to future purchases.

When a client purchases Class B shares, they will not incur a front-end sales charge but the asset-based sales charge will typically be higher than that of A shares. Class B shares do impose a back-end charge called the Contingent Deferred Sales Charge that is assessed when a client sells their shares. This charge declines the longer the shares are held and is eventually eliminated. Once eliminated, the Class B shares will generally convert to Class A shares.

Class C shares also do not impose a front-end sales charge so the full dollar amount is immediately invested. They generally impose a deferred sales charge if the shares are sold within a short time frame and will also incur an asset-based sales charge that is higher than that of Class A shares. Class C shares are also subject to other redemption fees. Since these fees do not decline over time, as seen in Class B shares, they will not convert to Class A shares. Typically, the Class C shares expense ratio will be higher than Class A or B if they are held for a long period of time.

As a registered representative, you are required to follow AIC's policies and procedures for sales of mutual fund shares. The charges and expenses of each share class should be discussed with your client prior to making an investment decision. It is important that the purchase be in the best interest of the client based upon their stated investment objectives, their unique situation and preferences. Breakpoints should be utilized whenever possible. AIC's policy for Class B shares does not allow for investments of more than $100,000 in aggregate household holdings of all fund families. The Class C share policy requires that all sales of $250,000 or more complete the Mutual Fund Share Disclosure Form prior to executing the transaction. Complete policies and procedures for sales of mutual funds can be found in the policies and procedures manual and compliance alert archives that are available on tools4you.com



The sales of mutual funds continue to be an area of concern for regulators and remain a highly scrutinized activity. Recently, the NASD announced that it has settled cases against four firms for mutual fund sales violations. According to their press release dated June 28, 2007,

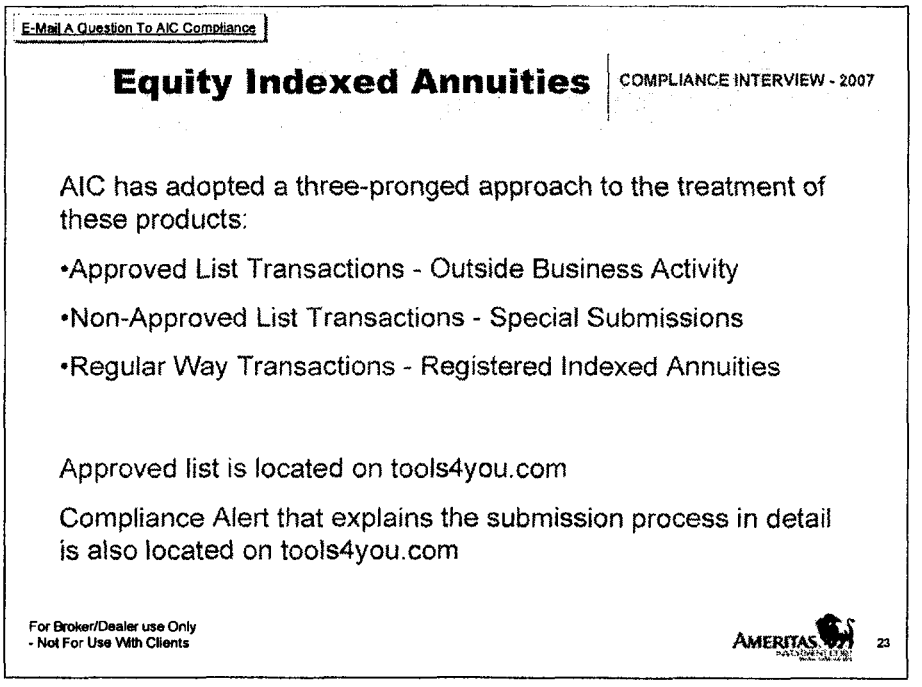
•MML Investors Services, Inc. was fined $473,000 for improper Class B share sales;

• NYLIFE Securities, LLC was fined $354,000 for improper Class B share sales;

•Securities America, Inc. was fined $322,000 for improper Class B and Class C share sales; and

•Northwestern Mutual Investment Services, LLC was fined $100,000 for failure to have supervisory systems and procedures to ensure clients received Net Asset Value pricing when appropriate under NAV transfer programs.

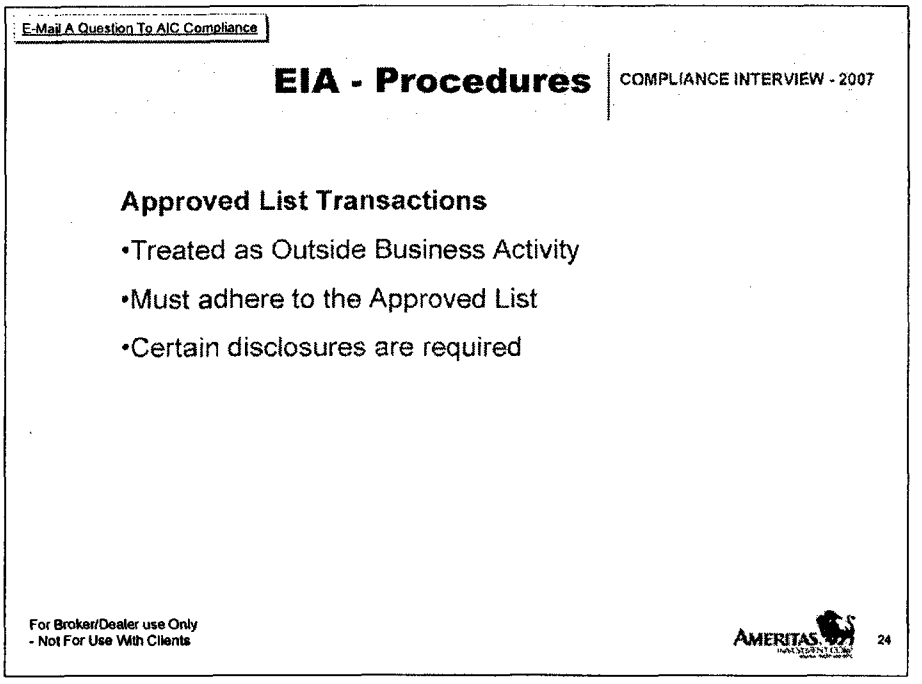
These settlements indicate that the NASD remains vigilant in their investigation of mutual fund sales practices.



The sales of Equity Indexed Annuities have been a significant issue with the NASD prior to the release of Notice to Members 05-50 in July 2005. This notice outlined the responsibilities of broker/dealers relative to the sales of these products by registered representatives.

Effective May 1, 2007, AIC adopted a three pronged approach to the policies and procedures surrounding the sales of these products that covers Approved List Transactions, Non-Approved List Transactions and Regular Way Transactions.

The following slides will explain each of these methods in more detail. For complete information regarding AIC's policies and procedures for sales of these products, please refer to the Compliance Alert issued in March of this year. A copy can be found on tools4you.com under the AIC Support tab.

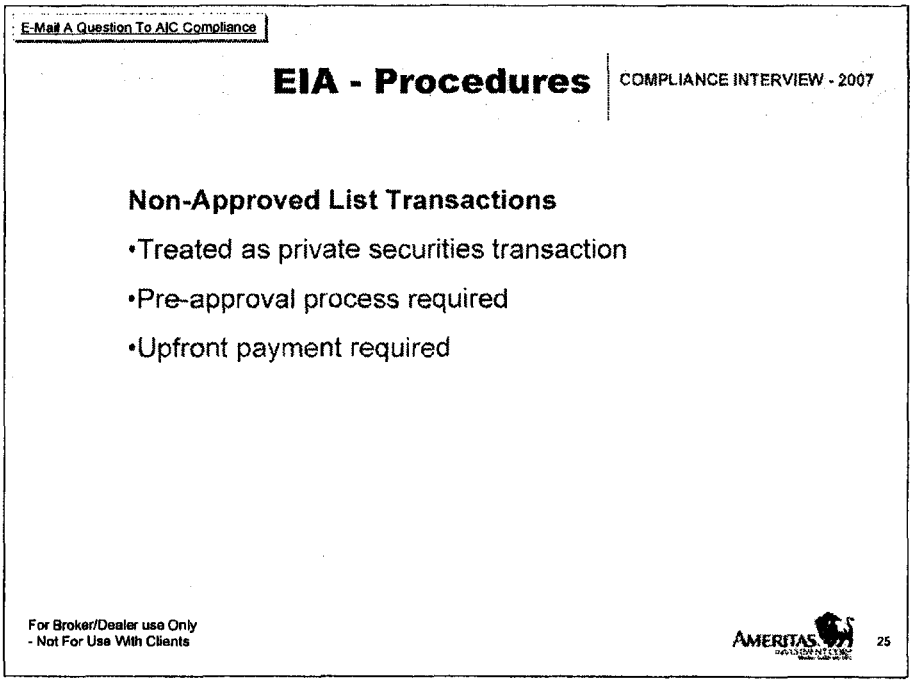


For Approved List Transactions - AIC has prepared a listing of equity indexed annuities that registered representatives are approved to sell as Outside Business Activities provided the representative has previously disclosed to AIC that they engage in the sale of equity indexed products. Certain disclosures must be made to the client prior to and at the time of sale of these products and clients must acknowledge receipt of these disclosures. Copies of the required disclosure forms are located on tools4you.com.

Please remember - when liquidating a securities product to purchase an Equity Indexed Annuity, the 'Acknowledgement of Securities Liquidation to Purchase an Indexed Annuity' form must be completed, signed by the client and your OSJ, as applicable, and submitted to AIC for our records.

A record of all equity indexed annuity sales must be recorded on the EIA blotter. This form and all client files for the sales of these products must be made available for review during your one-site office inspection.

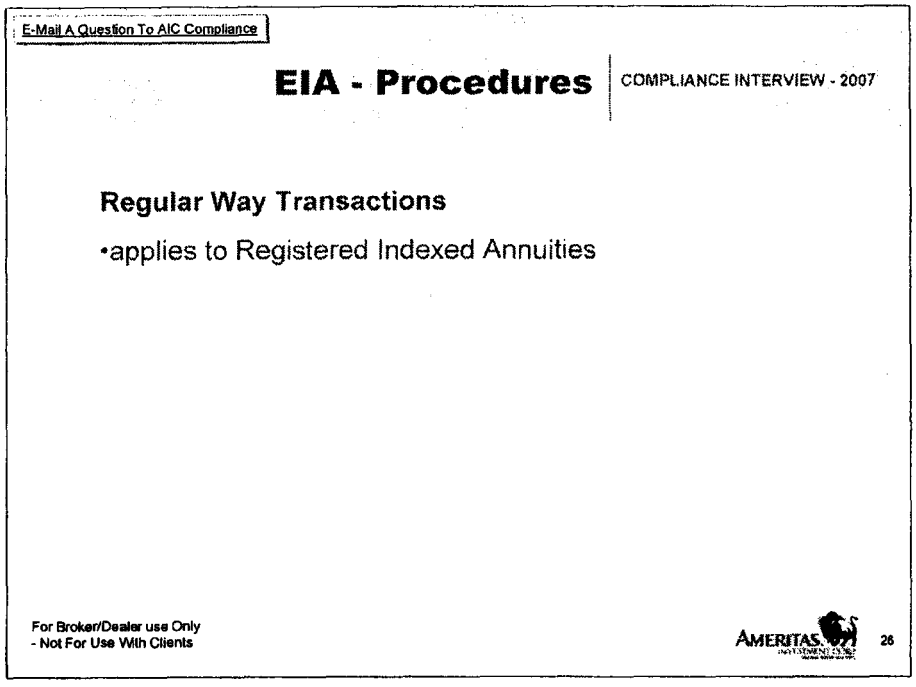
Reminder- if you haven't already done so, please be sure that you have submitted a Request for Outside Business Activity Form to AIC indicating that you sell these products.



For Non-Approved List Transactions covering products that do not appear on AIC's approved list, the representative will treat this transaction as a private securities transaction. As such, prior approval is required from AIC before the representative can engage in the activity. This prior approval process is lengthy and is started by completing the 'Indexed Annuity Written Notice Form' and submitting that along with a $500 up-front non-refundable payment to AIC. Once received by AIC, the request will undergo a due diligence review process that may take up to 4 to 6 weeks. If approved, the submitted form will be signed by a member of AIC's Suitability and Assurance team and returned to the representative as authorization to proceed with their client's transaction. Copies of all required documentation must then be submitted to AIC for our files.

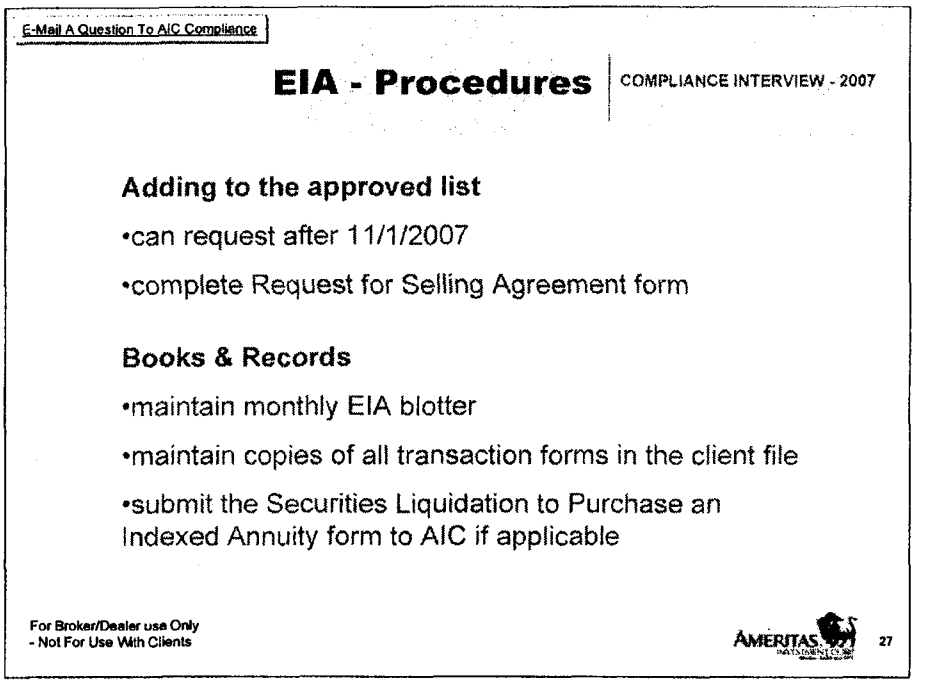
In addition to the $500 up-front fee, the representative will also owe AIC 20% of the commissions received plus the remaining amount subject to the grid.

In the event the request is denied, the representative will not be allowed to participate in that transaction.



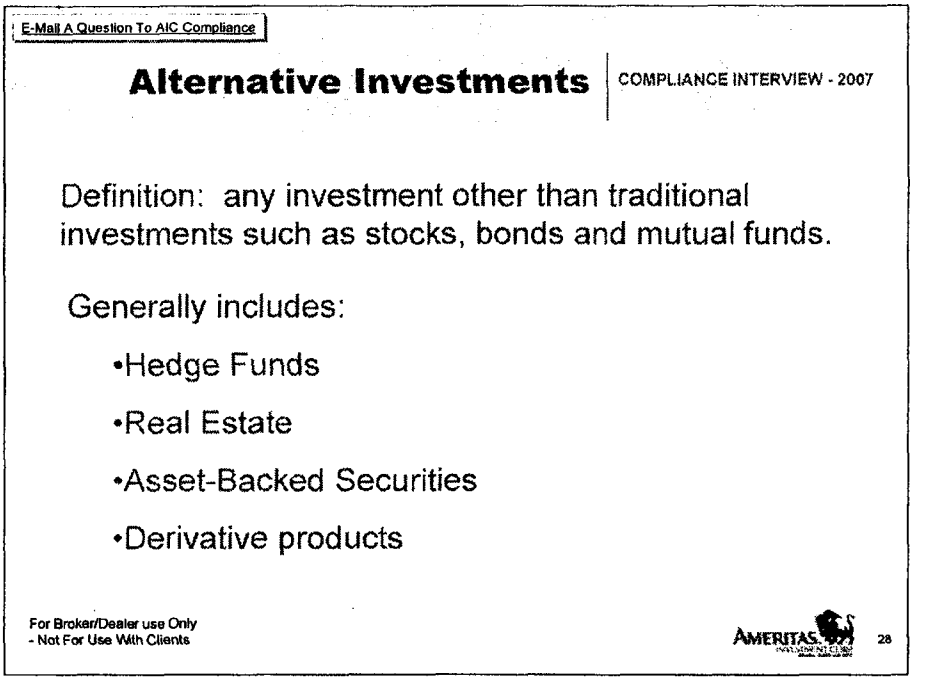
At this time, AIC does not maintain a selling agreement for any Registered Indexed Annuity products. In the event a registered product is added in the future, these transactions will be treated as regular way and will flow through AIC in the same manner as other securities products.

A listing of current selling agreements is maintained on tools4you.com under the AIC Support tab.



AIC will accept requests for products to be added to the approved list after November 1, 2007. The process to submit a request includes completing the Request for Selling Agreement form, available on tools4you.com and submitting it to AIC's Due Diligence committee for review. Please allow 90 days for the committee to complete a review of the product and respond to you with their decision.

All transactions in Equity Indexed products are subject to the books and records requirements as outlined in the Special Submission Requirements section of the EIA Policies and Procedures and the Document Requirements table located on tools4you.com. All transactions are to be recorded on the EIA transaction blotter with copies of required forms maintained in the appropriate securities or insurance client file. These are the materials that will be reviewed during your on-site office inspection.

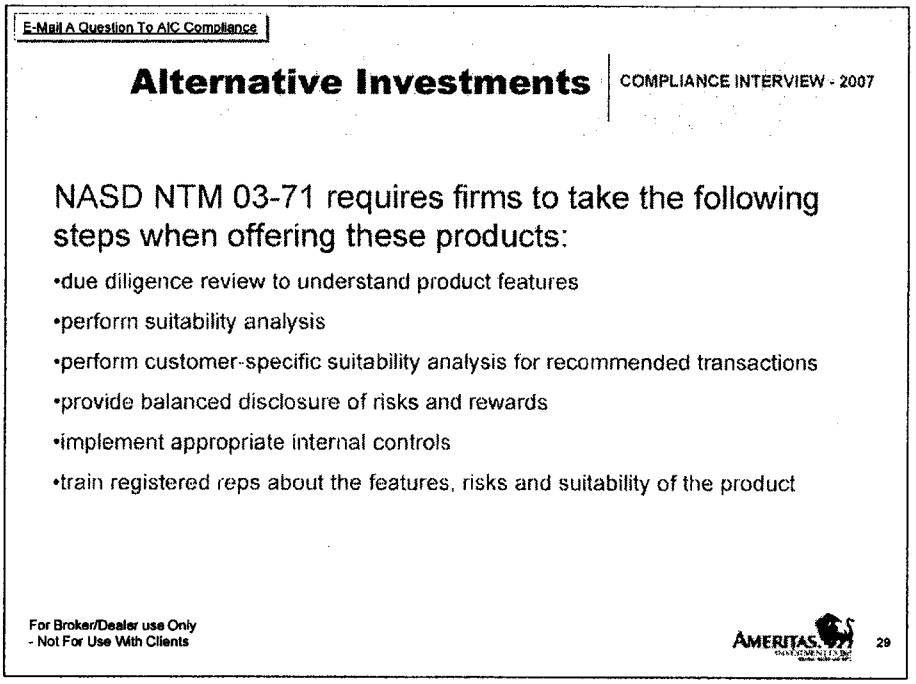


Investopedia.com generically defines an alternative investment as: any investment other than traditional investments such as stocks, bonds and mutual funds.

The NASD defines these types of investments as - different investments offered as alternatives to conventional equity and fixed-income investments. They include: hedge funds, real estate, asset-backed securities and derivative products.

As the popularity for these products increases, AIC is seeing more and more demand for alternatives to conventional equity and fixed-income investments due to their potential for better return or yield. However, even though some of these products may be offered as providing greater security or a 'guaranteed' return, the risks and rewards to these programs may not be readily understood by retail investors due to the unique features of the products. Therefore it is critical that all representatives understand and fully disclose to their clients the features, benefits, risks, limitations and expenses of any product prior to executing a transaction. A thorough suitability review must be conducted in order to ensure that this investment is appropriate for the client given their investment objectives and risk tolerance.

The next few slides will outline the steps that AIC and the registered representative must take when considering the sale of alternative investments.



In 2003, the NASD issued a Notice to Members that provided firms with guidance on their sales conduct obligations. In conjunction with the sales of these products, firms are required to:

•conduct a due diligence review to understand the product features

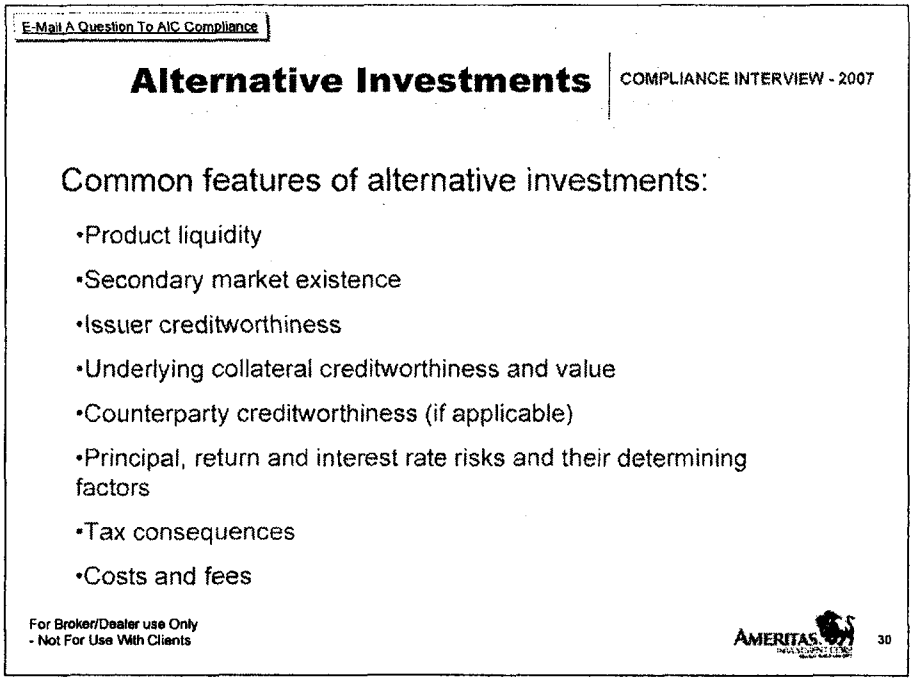
•perform a suitability analysis of each product

•perform customer specific suitability analysis for each recommended transaction

•provide balanced disclosure of risks and rewards in all sales material and presentations

•implement appropriate internal controls surrounding the sales of these products

•and, provide training to registered representatives about the features, risks and suitability of the product



While features will vary from product to product, there are certain common features to all alternative investment products that registered representatives must understand in order to perform an appropriate suitability review for their client. These common features include:

•product liquidity

•the existence of a secondary market and the prospective transparency of pricing in secondary market transactions

•issuer creditworthiness

•underlying collateral creditworthiness and value

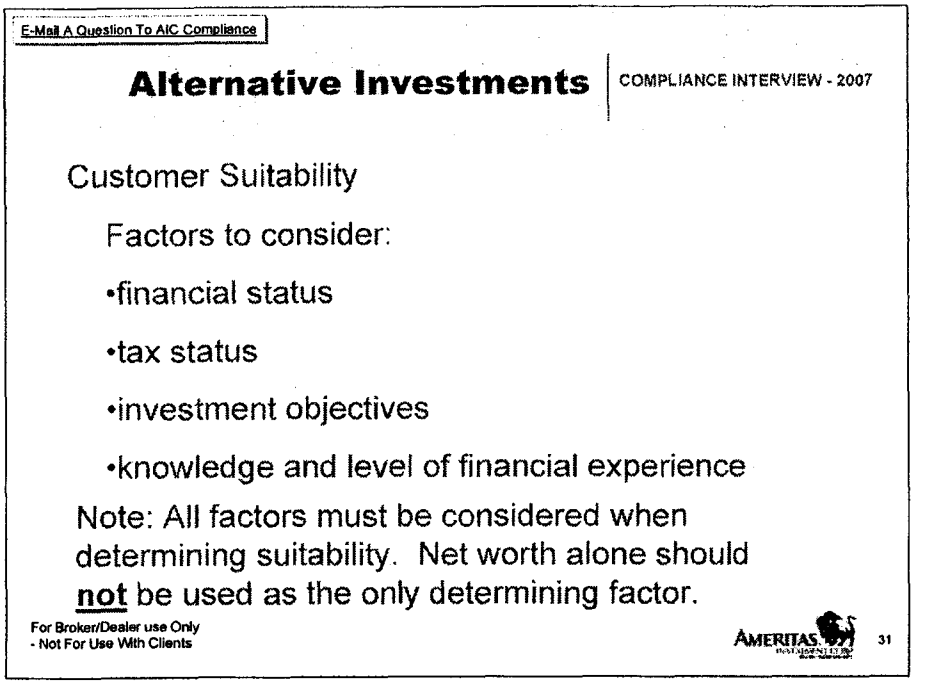
•counterparty creditworthiness - when applicable

•principal, return and interest rate risks and their determining factors

•tax consequence of the product

•and, any costs and fees associated with the product

These features must be considered in all sales of alternative investments whether the purchaser is an institutional customer or retail investor.



The 'Know Your Customer' rule will be particularly important when selling alternative investments. When determining if a product is appropriate for your client, registered representatives must consider the following:

•financial status

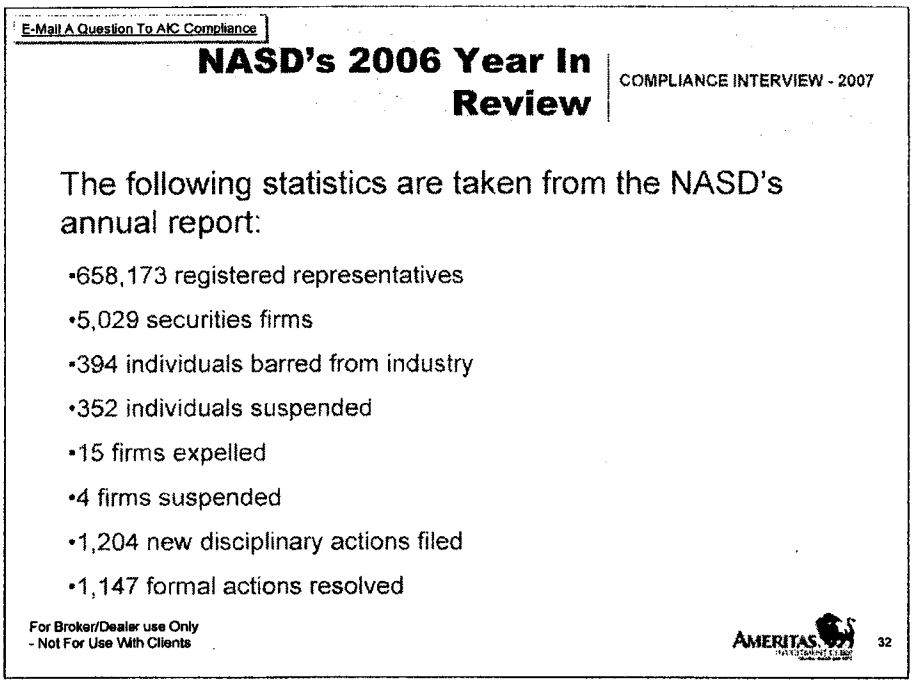
•tax status

•investment objectives

•knowledge and level of financial experience of your client

•and, any other information as deemed appropriate by AIC or the registered representative

The NASD also reminds us that net worth alone should **NOT** be used as the only determining factor when recommending the sale of these products. All factors must be taken into consideration when determining suitability for the product.



As regulation of the securities industry continues to increase there will be continued sanctions and disciplinary actions enforced by the NASD. For 2006, the NASD reported the following:

•There were 5,029 securities firms and 658,173 representatives registered with the NASD

•In 2006 the NASD barred 394 individuals from the industry and suspended 352 individuals

•Also in 2006, the NASD expelled 15 firms from the industry and suspended 4 firms

•There were 1,204 new disciplinary actions filed in 2006 and 1,147 formal actions were resolved

These statistics remind us to be ever vigilant in our activities and to ensure that appropriate sales practices are adhered to at all times.

The NASD website offers you the ability to check out public information that they have on file for you. Simply access www.nasd.com/brokercheck and follow the on-screen instructions to access your Form U4 information. Some of the information that is available includes:

•current employers and employment history

•other business activities you are involved in

•approved licenses and registrations

•felony charges and convictions

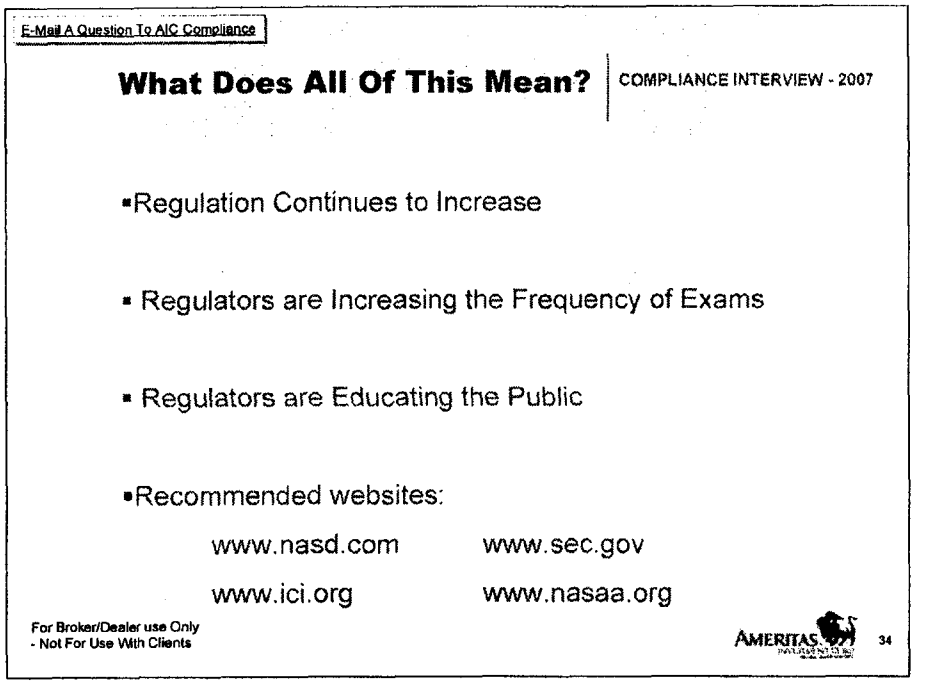
•disciplinary actions and investigations

•customer complaints

•bankruptcy proceedings

•and, unsatisfied judgments and liens

While the primary purpose of this site is to allow the investing public to investigate a representative, it also serves as a tool for you to use to ensure that your information is correct and current. When you have a moment, please take the opportunity to review your record to ensure accuracy. If you notice any inaccuracies, please contact the Licensing and Registration Department to investigate.

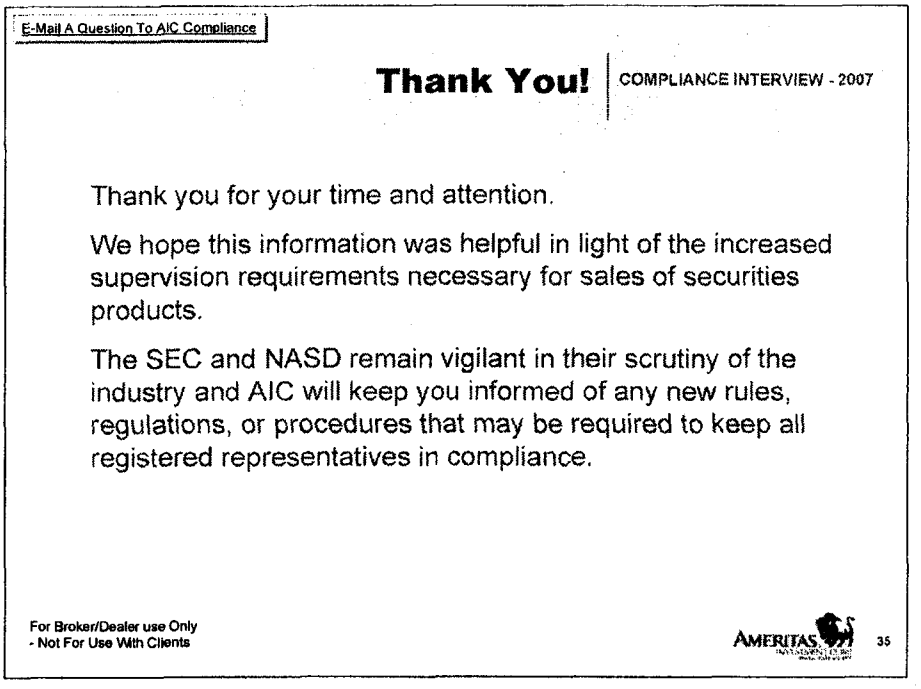


What does all of this information mean to you?

The heightened scrutiny will continue. We anticipate that regulation will continue to increase and we will continue to see an increase in the number of exams completed by regulators.

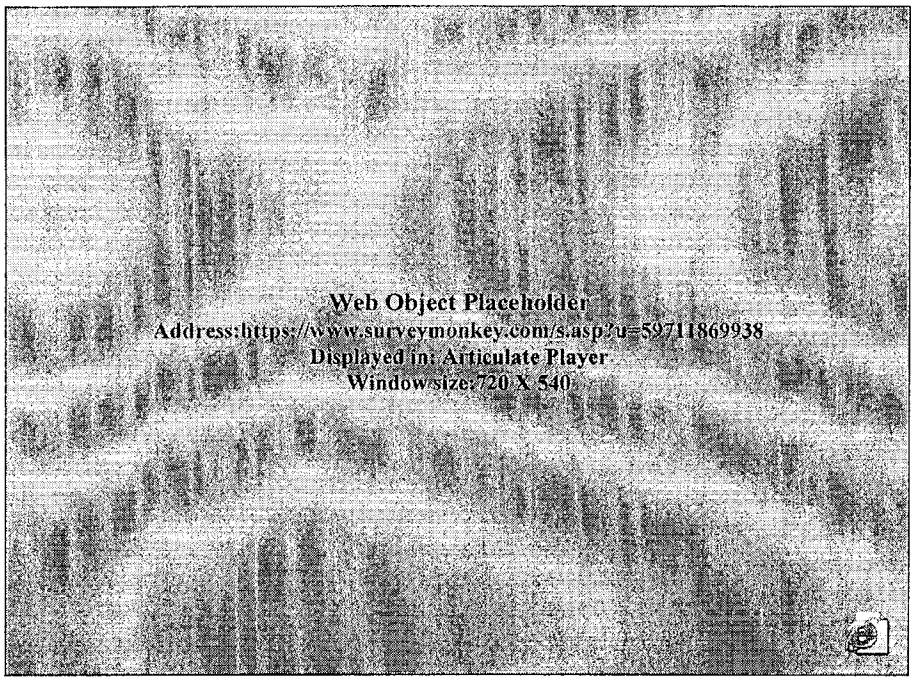
As your broker/dealer, AIC will remain vigilant in our efforts to help ensure that you have the latest information available to you so you may continue to conduct business in a compliant manner.

As a registered representative, you should also take steps to stay aware of the regulatory environment. The following websites are recommended resources: www.nasd.com; www.sec.gov; www.ici.org; and www.nasaa.org.



Thank you for your time and attention throughout this presentation.

In addition, please certify your completion of this annual requirement by completing the digital signature screen you'll see in a moment. Prior to hitting the 'done' button on the next screen please print the screen and retain a copy for your records.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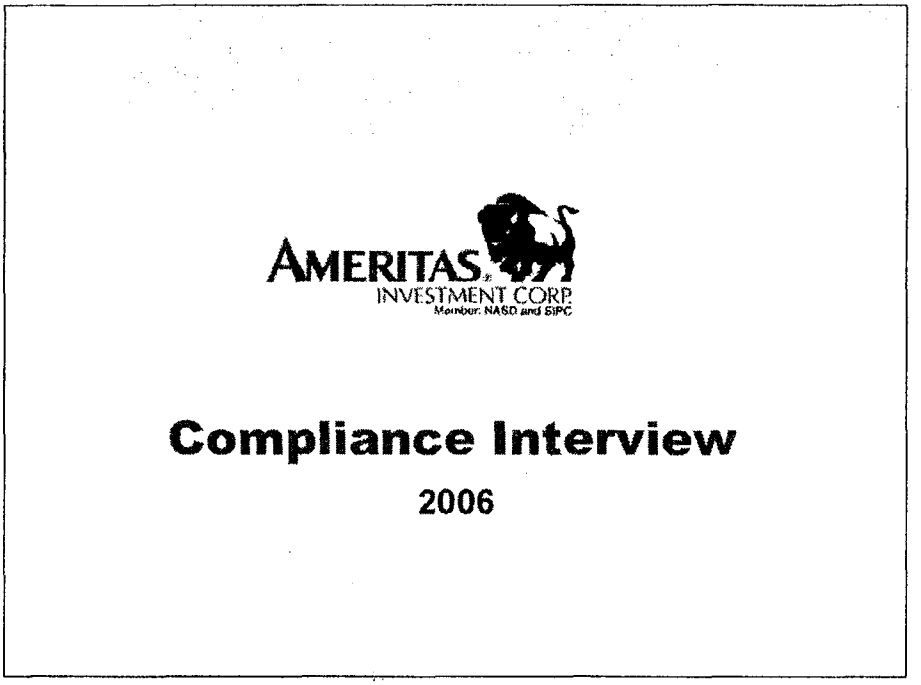
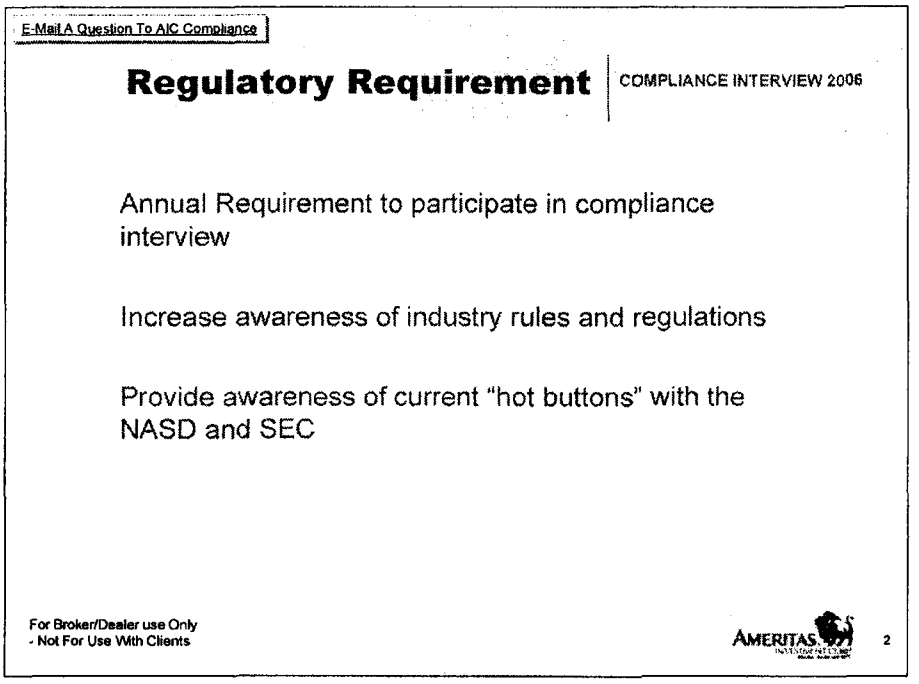


Hello and welcome to the Ameritas Investment Corp Compliance Interview. 2006 has been a year of growth for AIC as we welcomed approximately 400 Carillon Investments Inc. representatives on July 1st.

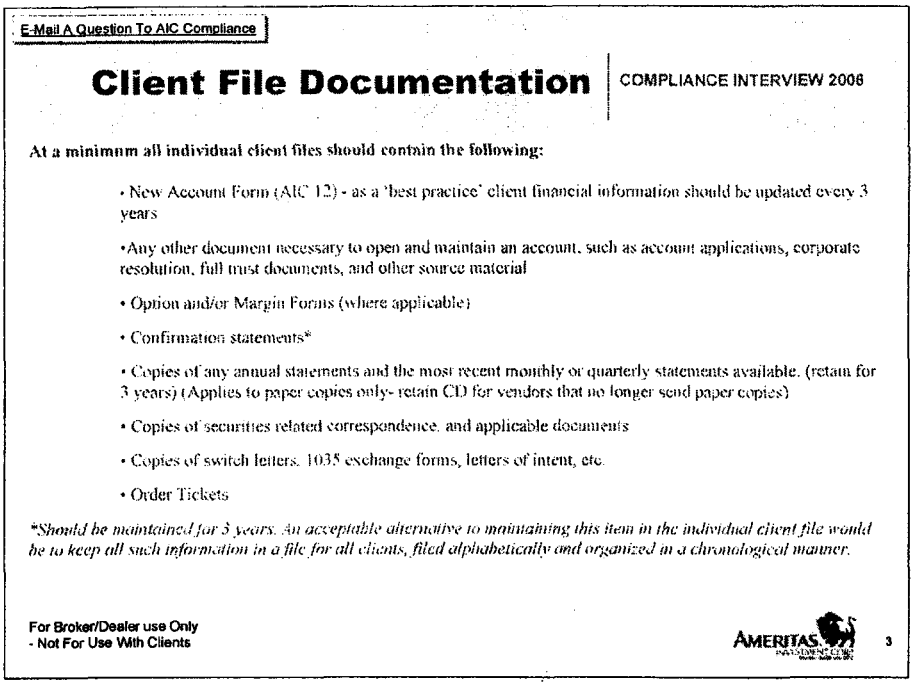
Again this year we are making the interview available to you in this articulate format to enable representatives to participate at their convenience. You must complete the presentation in its entirety as there is a certification process at the end that allows us to verify your completion of this annual requirement. Also, throughout this presentation you have the opportunity to e-mail the Compliance Department any questions you may have about the material you are about to cover. Please click on the button in the upper left-hand corner at any time during the presentation to send us your questions.

If you encounter technical difficulties during this presentation please refer to the letter that was sent or the RegEd website as they offer a telephone number to call for support in case of unforeseen technical system problems.



This annual continuing education requirement is a tool used by broker/dealers to keep you apprised of industry rules and regulations as well as alert you to current "hot buttons" as indicated by the regulatory agencies.

Due to the required NASD changes in branch registration status for many of our registered representatives the first section of this presentation will cover the Books & Records requirements that now apply to every location. Then, we will move into some 'hot topics' as identified by the regulatory agencies. Finally, we'll end with some examples for your information of sanctions levied against representatives for failure to follow broker/dealer or industry policies and procedures.



Client files are perhaps the most integral books & records requirement that registered representatives are required to maintain. As such, the document contained within these files must meet regulatory standards. At a minimum, you are required to keep the following documents in the client file: New Account Form (AIC12); any documentation required to open the account; option or margin forms; confirmation statements; annual statements and most recently monthly or quarterly statement; securities correspondence; copies of switch letters, 1035 exchange forms and letters of intent; and order tickets.

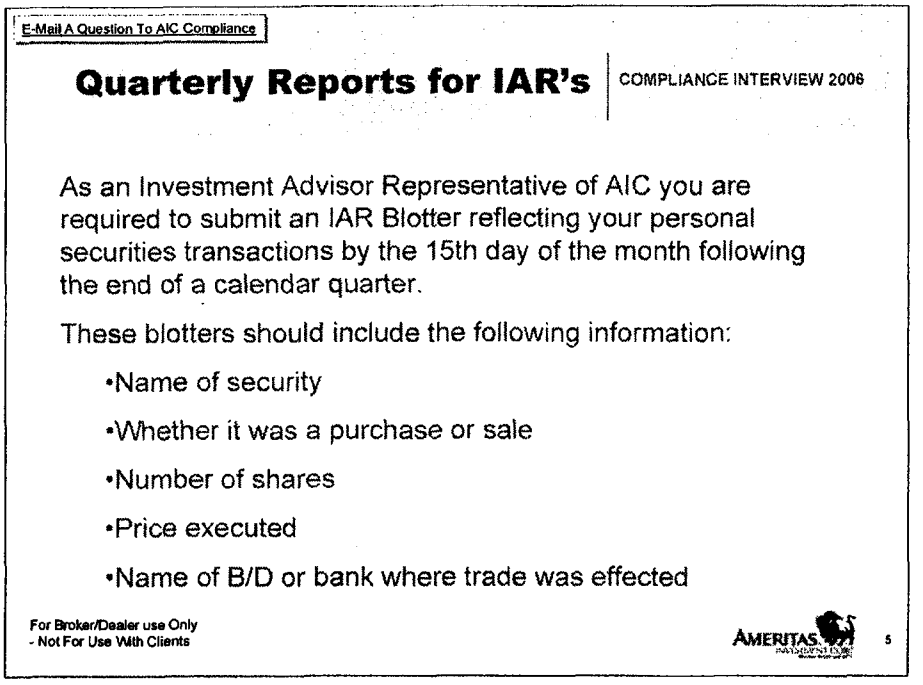
An acceptable alternative for filing statements in each client's file is to have all such information compiled in a separate file for all clients, sorted alphabetically and organized in a chronological manner.

Trade Blotters & Incoming Correspondence Logs are required to be submitted on a monthly basis to the Compliance Department. For instance, blotters containing activity for the month of July are due to Compliance on August 1st.

Blotters should be maintained on a daily basis showing all securities transactions including applications for variable life and variable annuity policies. Blotters must be submitted every month regardless of activity. If no business was conducted then a blotter marked 'None' must be submitted. For offices with more than one representative, you may submit one blotter for the office but it needs to have each representative listed on the form.

Incoming Correspondence Logs are to be submitted along with copies of all securities correspondence received during the reporting month. This does not include correspondence from the home office or a fund company.

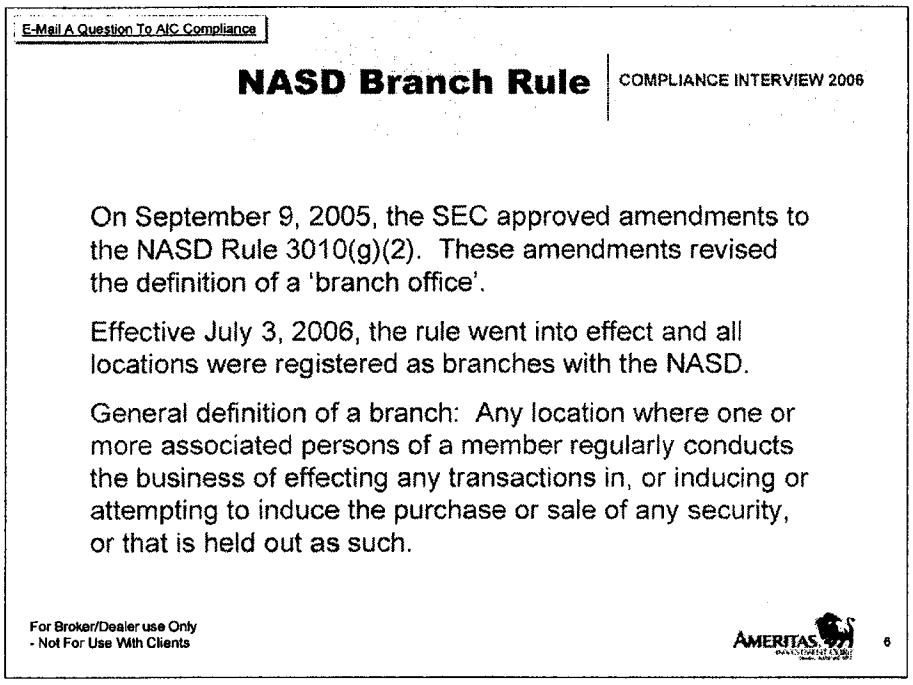
If these documents are not received in the Compliance Department by the 16th of the appropriate month, a reminder notice will be sent to the representative and their supervising principal. The last day of the month is the final day to submit them without penalty. On the first day of the following month a $25 fine may be assessed and the rep will be placed on Compliance Hold. ***(While on Compliance Hold a representative's commissions will be held.)*** If blotters and logs are continuously delinquent, AIC has the option to take additional and often remedial steps to ensure policy adherence. These steps may involve varying levels of disciplinary action that may include a Letter of Caution, monetary fines, suspension and termination of securities registration.



All representatives of AIC that are also registered as Investment Advisor Representative's with AIC's RIA are required to submit to the RIA Compliance Department a quarterly blotter detailing their personal securities transactions. This blotter is due to the RIA department by the 15th of the month following calendar quarter end.

The blotter needs to contain the following information: the name of the security; whether it was a buy or sell; number of shares; price at which the trade was executed; and, the name of the Broker/Dealer or bank where the trade was effected. If no activity was conducted during the quarter, please mark the blotter as "None" and submit to the Compliance Department.

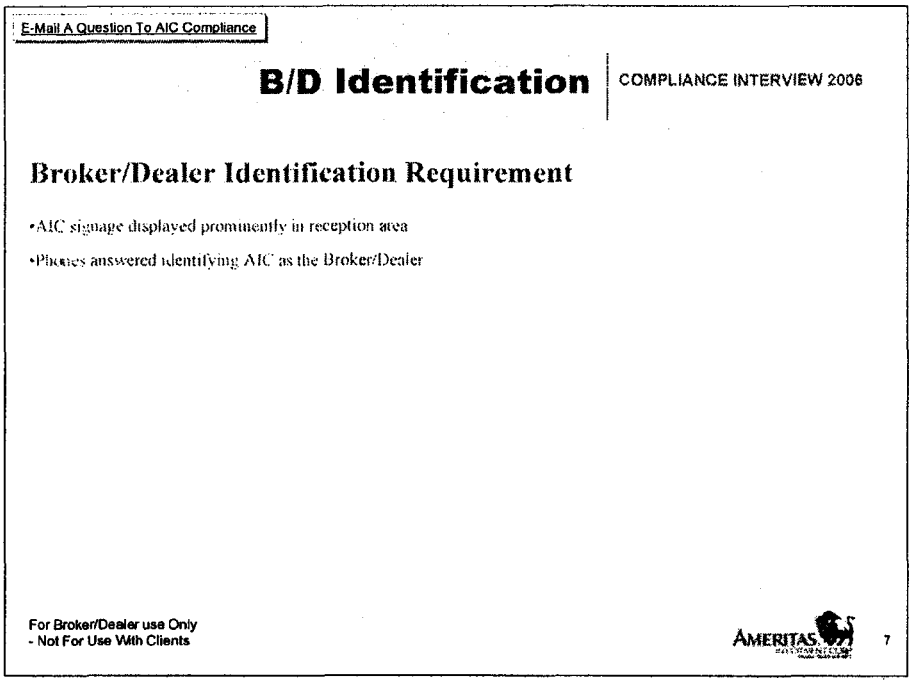
Please refer to Appendix E of the IAR Manual for a copy of the form.



An amendment to the branch definition that was announced in 2005 resulted in a mass registering of branch locations by member firms in order to meet the deadline as stated by the NASD.

Effective July 3, 2006, your location is now registered as a branch with the NASD as it fits the general definition of a branch. The general definition is as follows: Any location where one or more associated persons of a member regularly conducts the business of effecting any transactions in, or inducing or attempting to induce the purchase or sale of any security, or that is held out as such.

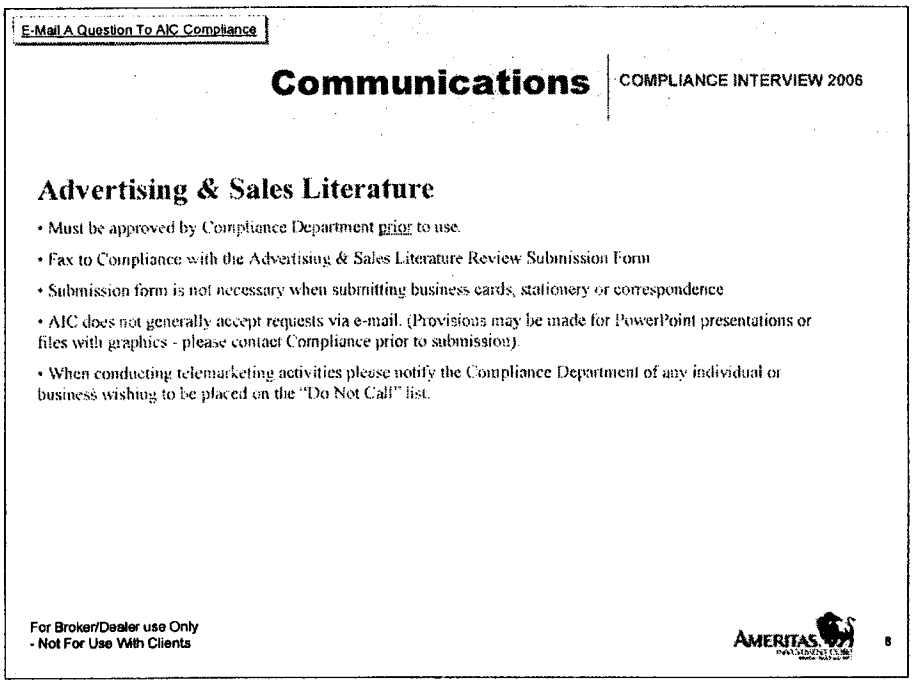
Therefore, the location from which you conduct your business for current or potential clients, regardless of whether or not it is advertised as or held out on business cards as an office location, is now considered to be a branch. Therefore, if you make work out of your home office, that location is now registered as a branch.



According to the NASD Market Conduct Rules, all offices need to identify to the public their broker/dealer affiliation. As a result, all AIC offices are required to display signage disclosing the name of Ameritas Investment Corp. as the broker/dealer.

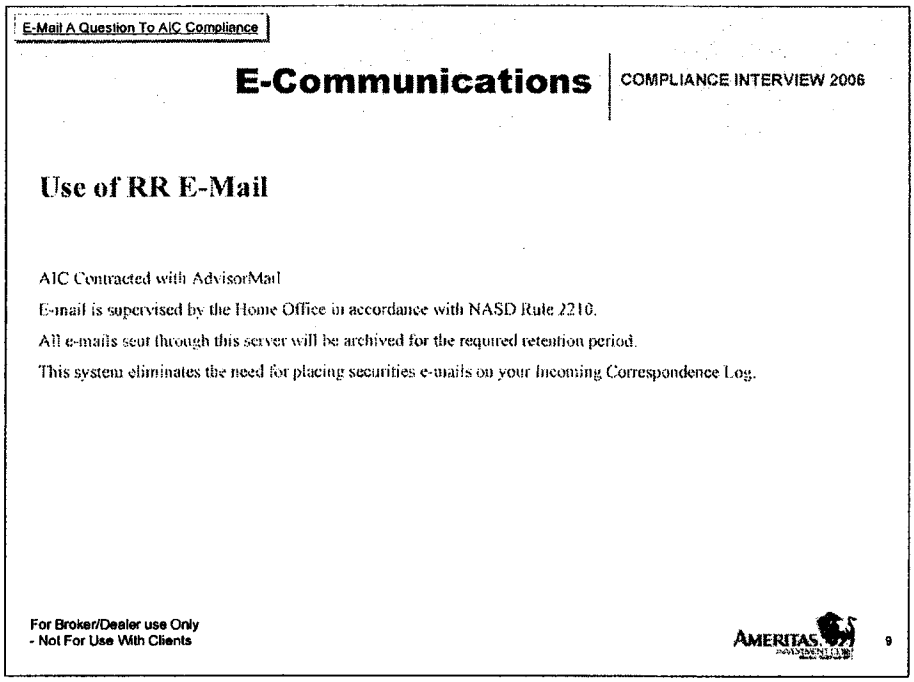
If your office does not have the required AIC signage, please request it from AIC's Compliance Department.

In addition, all offices are required to answer their telephone disclosing AIC as the broker/dealer. The use of the acronym AIC is acceptable. For instance, "XYZ Financial and AIC" is an acceptable way to answer your phone.



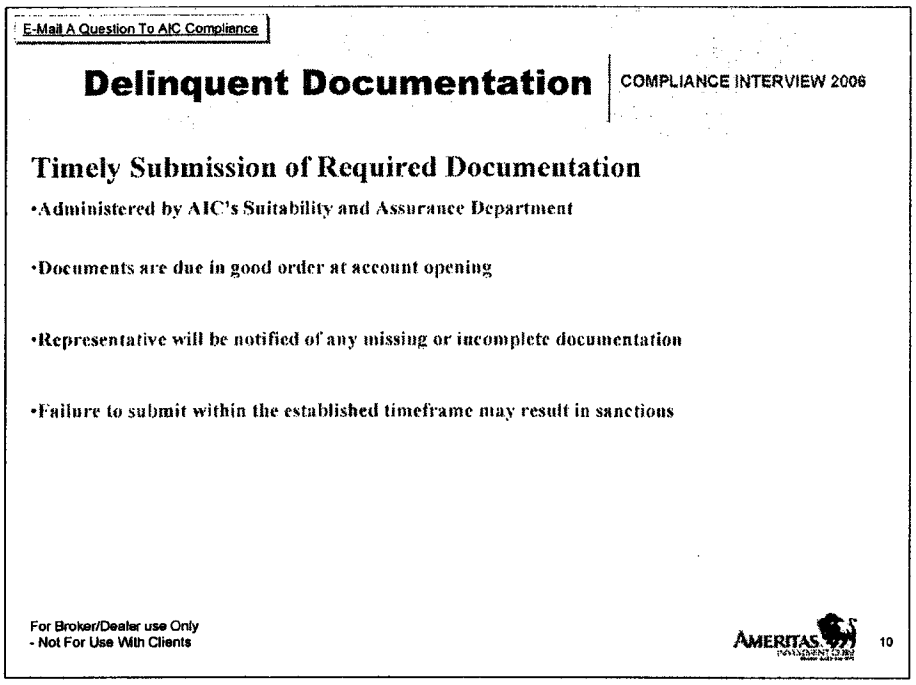
Communication with the public is a highly regulated aspect of our industry. AIC's Policies and Procedures Manual, Section 8.00, provides complete information regarding this subject.

As a registered representative of Ameritas Investment Corp. you are required to ensure that all materials used by you are pre-approved by the Compliance Department prior to use. Submissions can be faxed to the Compliance Department for review and approval using the Advertising and Sales Literature Review Submission Form. Once approved, the document will be faxed back reflecting the sign-off of an appropriate Registered Principal from the Compliance Department.



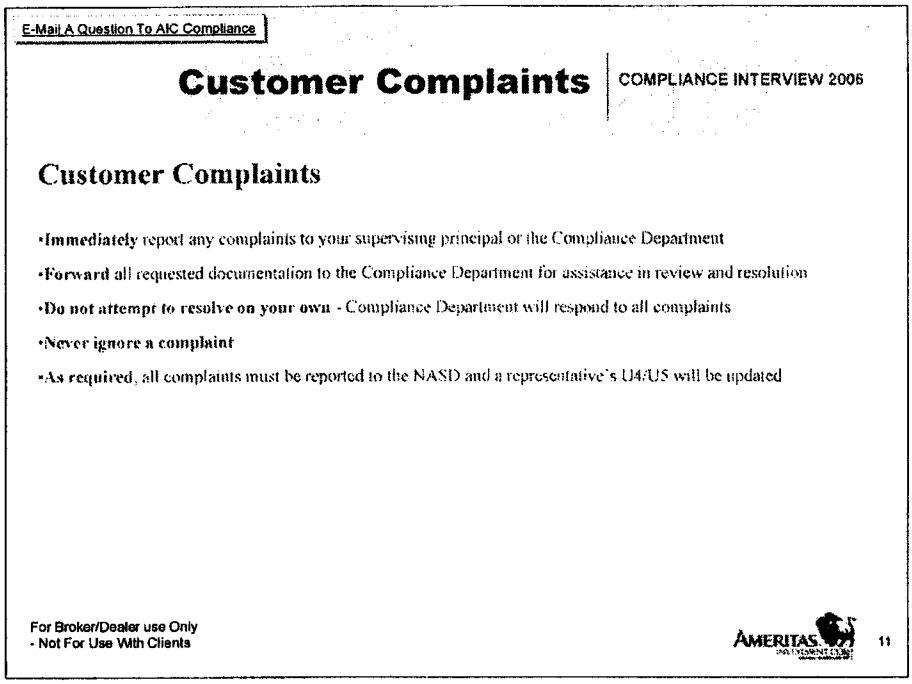
Ameritas Investment Corp. has contracted with AdvisorMail to provide you an easy solution to electronic communications with your securities clients. This software system has built-in features to automatically review e-mails for compliance standards with NASD rule 2210 and escalate those matching certain pre-defined criteria requiring further review. The e-mail system also has a built-in retention period that meets all regulatory requirements so you don't have to be concerned with retention procedures.

Use of the e-mail server also relieves you of the duty of reporting incoming e-mails on your incoming correspondence log every month!



Regulatory agencies require AIC to maintain certain books and records. Among those are: new account forms (AIC12), corporate resolutions, partnership agreements, trust documents, board resolution or any other documents authorizing the establishment of a securities account. It is the registered representative's responsibility to obtain the required documentation prior to, or at the time the account is opened.

All forms must be completed in their entirety prior to submission to the appropriate supervising principal or AIC. If missing documentation is identified, the representative will be requested to submit such missing documentation within a stated timeframe. If not received by the deadline, the representative may be issued a Letter of Caution and placed on Compliance Hold, which results in all commissions being held. If the representative fails to submit documents by the next stated deadline, the representative's registration may be placed on Inactive Status and a fine will be imposed. Please keep in mind that being placed on Inactive Status is a U4 reportable event. If the fine is not paid or the documentation is not submitted, the representative's registration may be terminated.



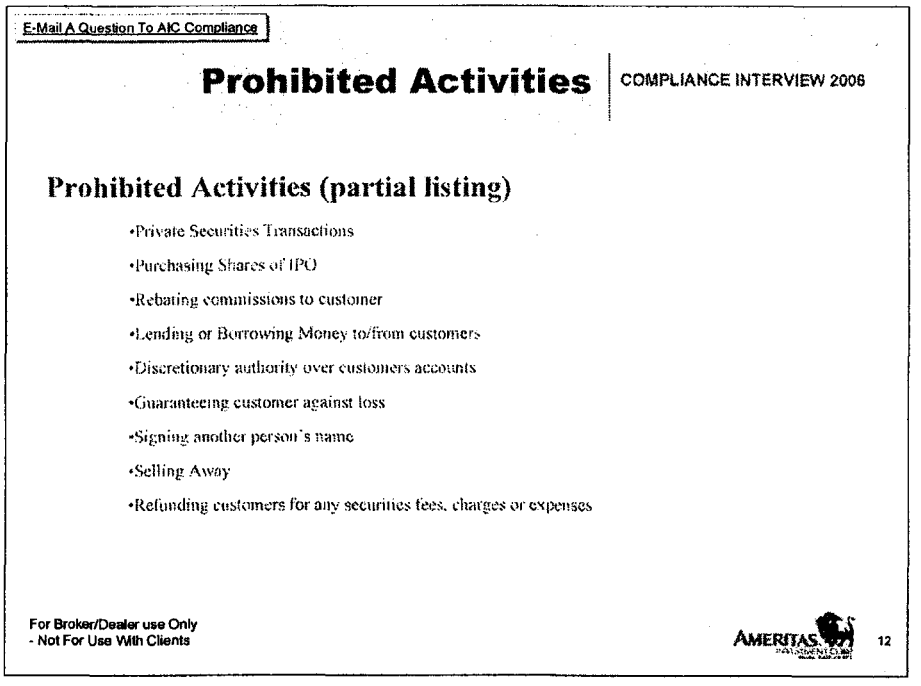
A complaint is defined under NASD Rule 3110 as "any written statement of a customer or any person acting on behalf of a customer alleging a grievance involving the activities of those persons under the control of the member in connection with the solicitation or execution of any transaction or the disposition of securities or funds of that customer".

AIC's Policies and Procedures require that complaints be immediately reported to the representative's designated Supervising Principal. The Supervising Principal must in turn, immediately notify the Compliance Department.

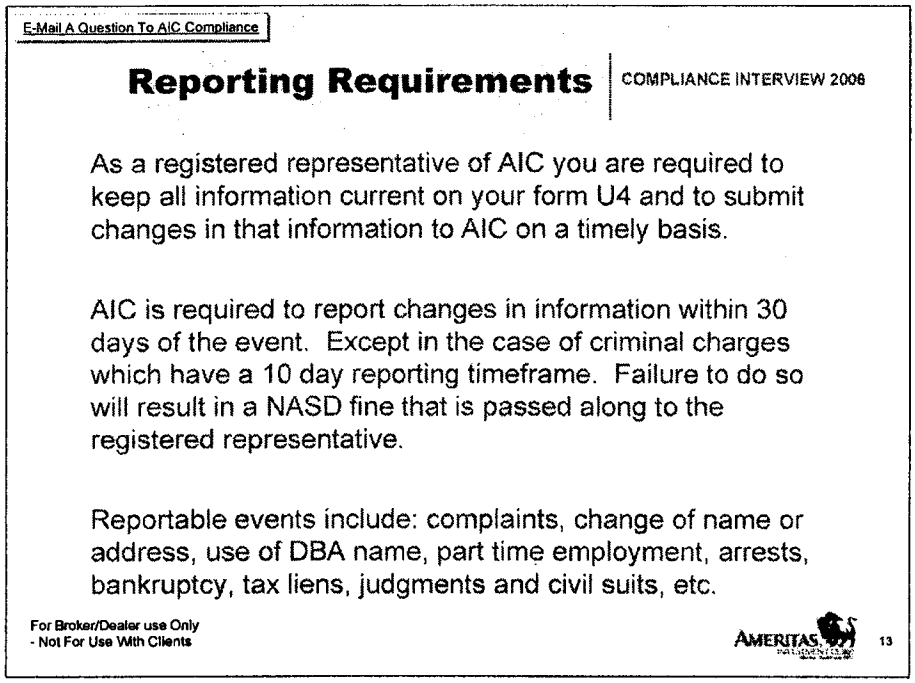
All written customer complaints must be fully documented. All such complaints must be promptly forwarded to the Compliance Department for timely review and resolution. Copies should be maintained in the RR file with a notation made on the representative's Complaint Log.

A representative should never ignore a complaint or try to resolve any complaint on their own. The Compliance Department will respond to all complaints. If in doubt, please contact the Compliance Department immediately for assistance on how to proceed.

As a reminder, AIC is required to report all complaints to the NASD for updating of the representatives U4 or U5.



This slide provides a partial listing of prohibited activities in which a representative must not engage. Please review the AIC Policies and Procedures manual for a more complete listing of prohibited activities.

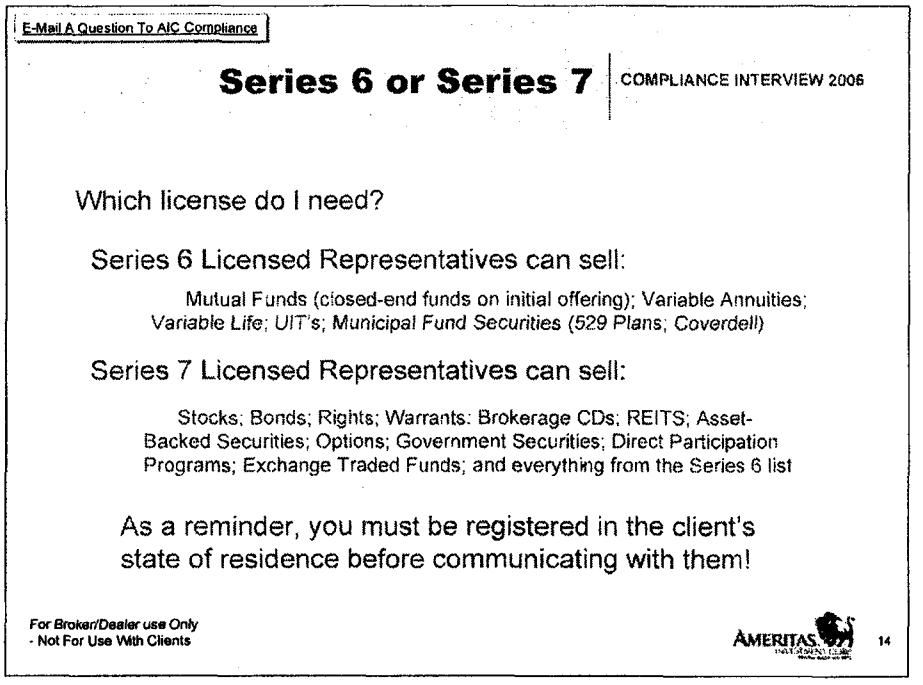


Any changes to your personal information need to be reported to AIC on a timely basis as we are required to, in turn, report that information to the NASD.

AIC is required to notify the NASD within 30 days of a reportable event; except for events involving criminal offenses which are required to be reported within 10 days.

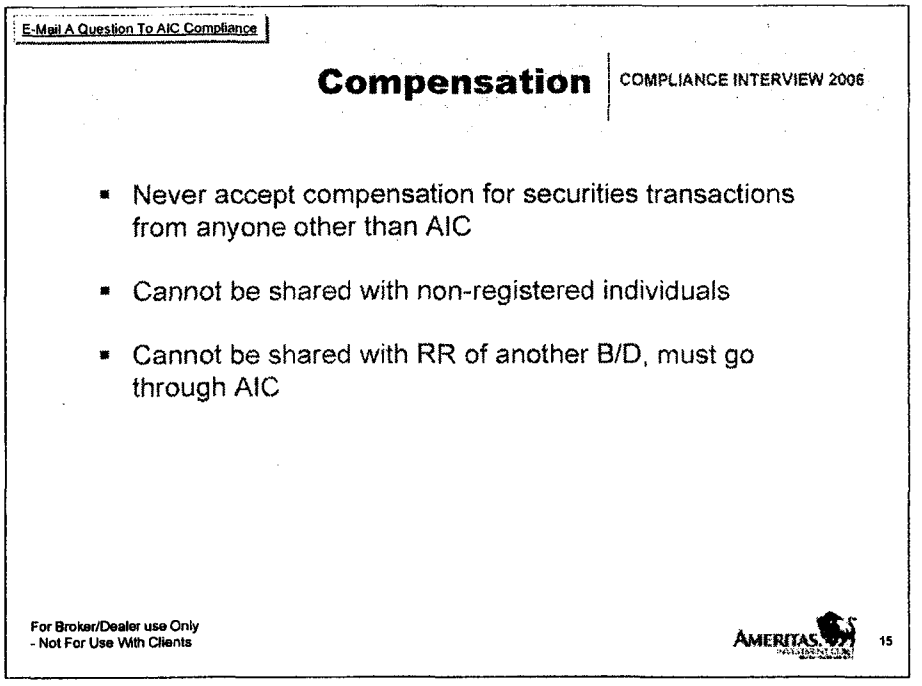
Please refer to Section 2.45 of your AIC Policies and Procedures Manual for more complete information on reporting requirements.

As a reminder, failure to report an event to AIC without allowing sufficient time for AIC to report the same to the NASD, will result in any fines levied being passed along to the registered representative.



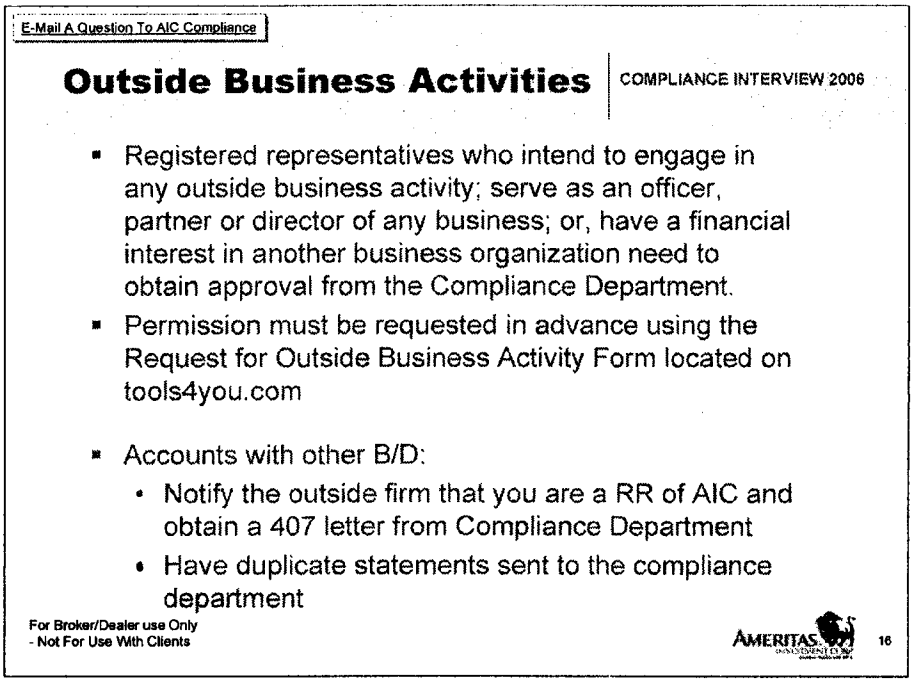
The Compliance Department receives requests from Series 6 representatives regarding the types of products they can sell. The list on this page outlines those products your license entitles you to sell. The most often received questions pertain to Brokerage CDs and Exchange Traded Funds, both of which you must have a Series 7 license to sell.

Please remember, you must be registered in the client's state of residence before talking to them.



As a registered representative of AIC, you are not to accept compensation from anyone other than AIC.

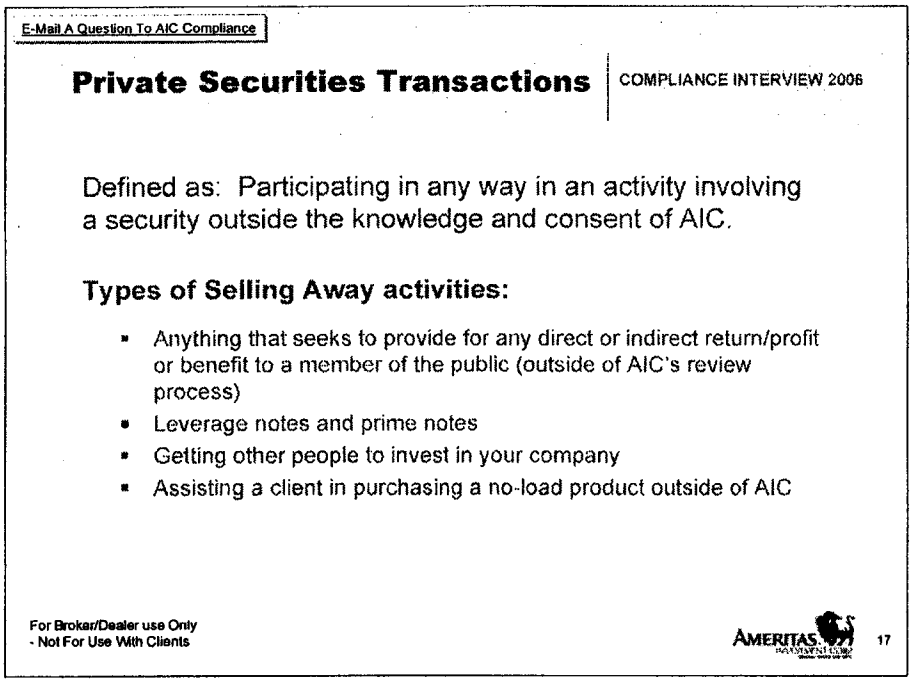
In addition, compensation cannot be shared with non-registered individuals or a representative associated with another broker/dealer.



As a registered representative of AIC you are required to obtain pre-approval from the Compliance Department if you are currently engaged in, or ,intend to engage in, any outside business activity; serve as an officer, partner or director of any business; or have a financial interest in another business organization.

The Request for Outside Business Activities Questionnaire can be found on tools4you.com. You simply need to complete this form and submit to AIC for review and approval before engaging in the activity.

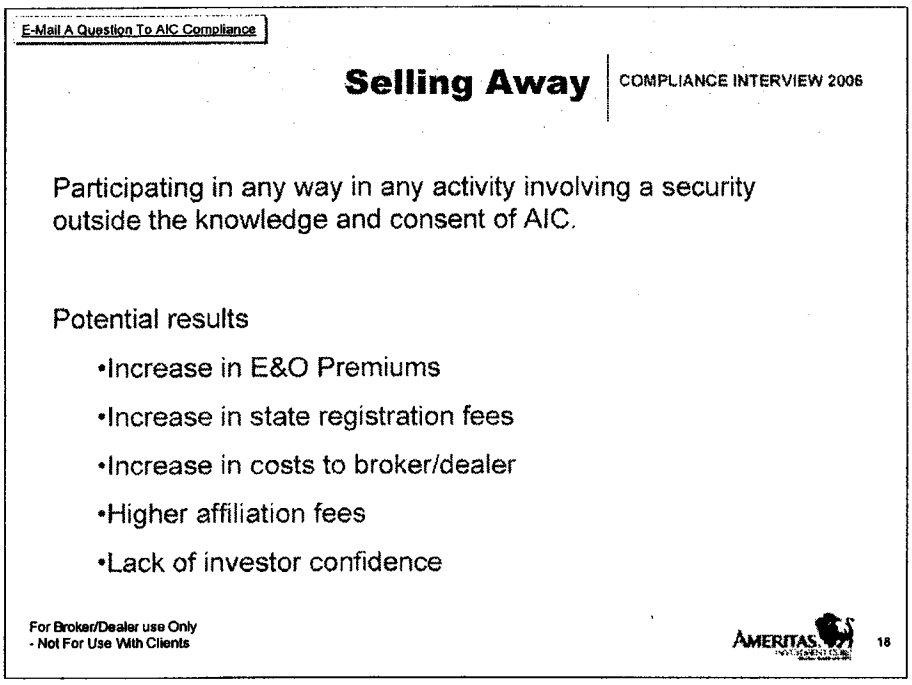
In addition, you are required to have duplicate statements sent to AIC for any securities accounts you maintain with other firms. Please contact the Compliance Department so that we may send a 407 letter to the other firm.



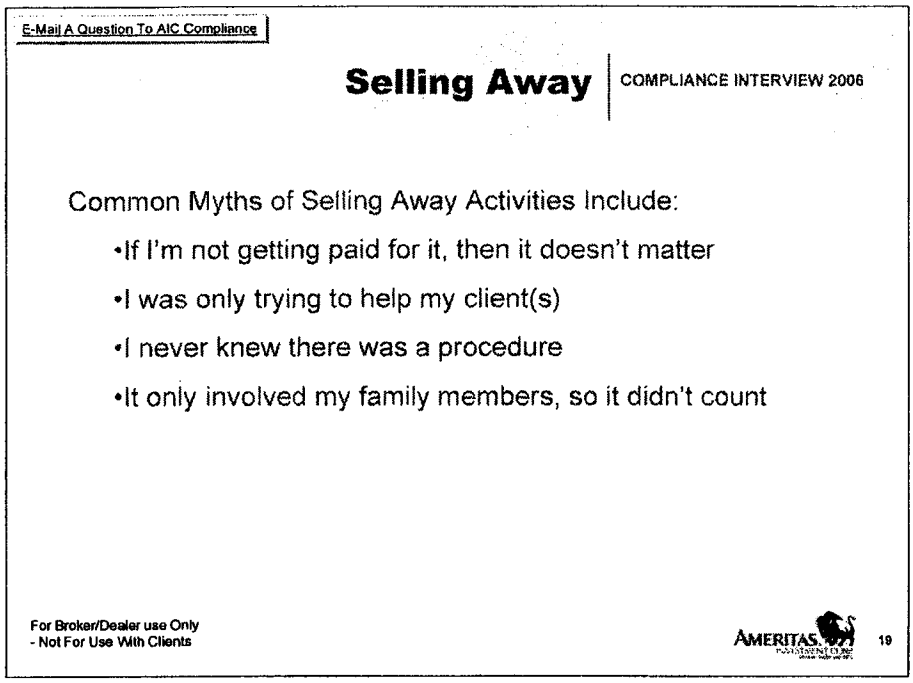
Section 2.25 of AIC's Policies and Procedures Manual defines Selling Away as 'participating in any way in any activity involving a security outside of the knowledge and consent of your broker/dealer.

Some examples of Selling Away activities include: Leveraged notes or prime notes; Telephone Sale/Leaseback arrangements; Viaticals; Getting others to invest in your company; Assisting a client in purchasing a no-load product outside of AIC. As a reminder, this list is not all inclusive.

Before engaging in any activity you should contact the Compliance Department if you are unsure of whether the activity is acceptable; be vigilant in your activity and the activities of others; question all aspects of a potential business opportunity; report any suspicions of selling away activities; weigh your intuition and use common sense.



As mentioned in the previous slide, selling away is defined as participating in any way in any activity involving a security outside the knowledge and consent of your broker/dealer. The ramifications of selling away including the costs to investors, firms and other financial professionals can be staggering. When registered representatives sell away from their broker/dealer it can result in an increase in E&O Premiums, state registration fees, broker/dealer costs and affiliation fees. In addition, selling away reduces investor confidence in the industry.



Representatives can get involved in selling away simply by not knowing they are involved or because they have been targeted.

Some common myths of selling away include the following:

If I'm not getting paid for it, then it doesn't matter;

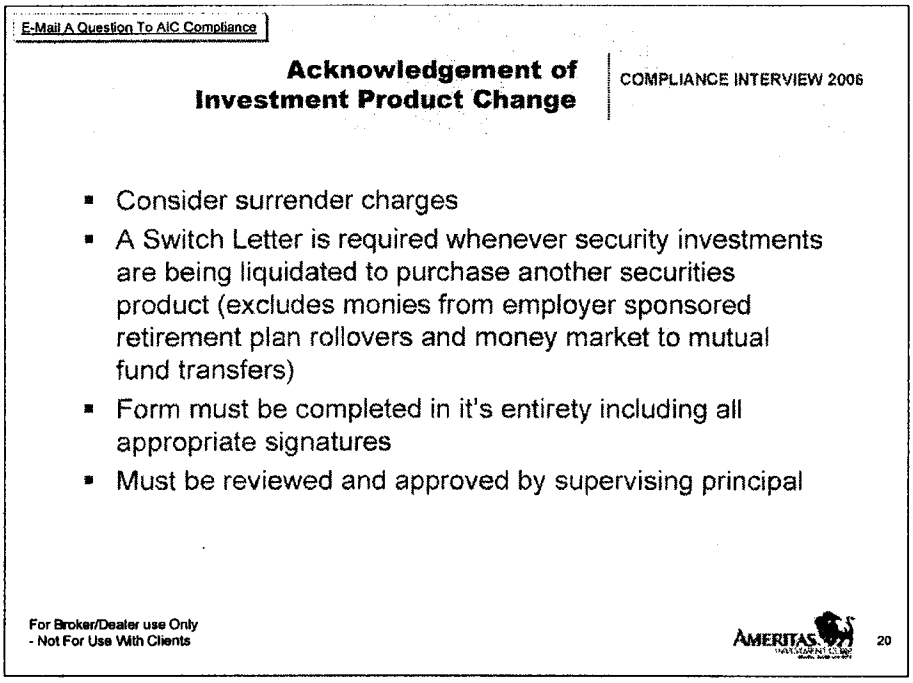
I was only trying to help my clients;

I never knew there was a procedure;

It only involved my family members so it didn't count;

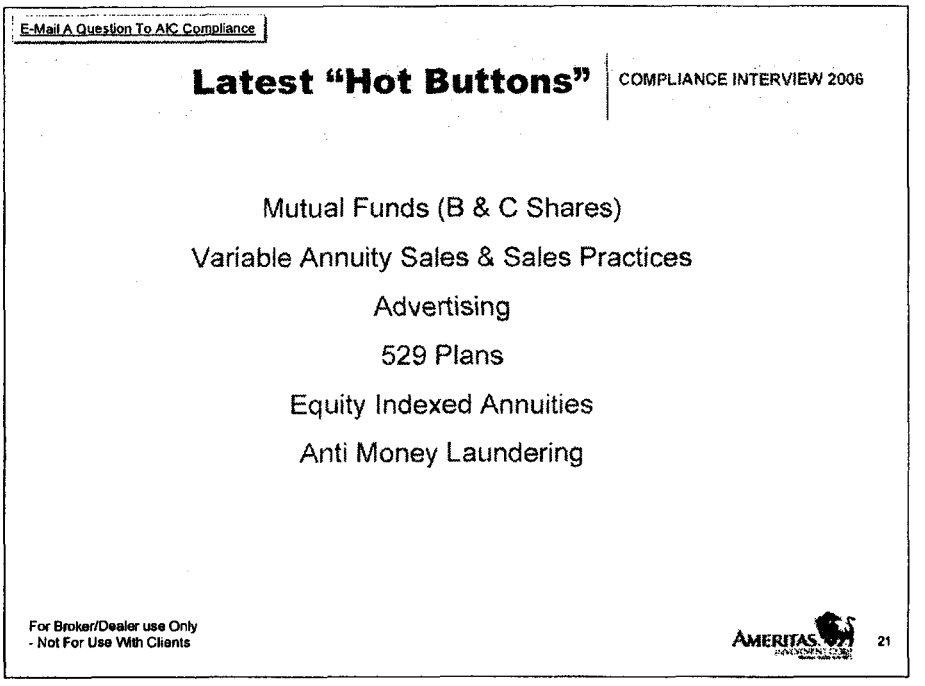
While we understand that you always want to find the best solutions for your customers, there is the possibility that you may unknowingly venture into an activity using your outside business that ultimately ends up as an engagement in a private securities transaction.

Always contact the Compliance Department for review and approval of any outside business activities before you engage in them. And remember, if it sounds too good to be true - it probably is!



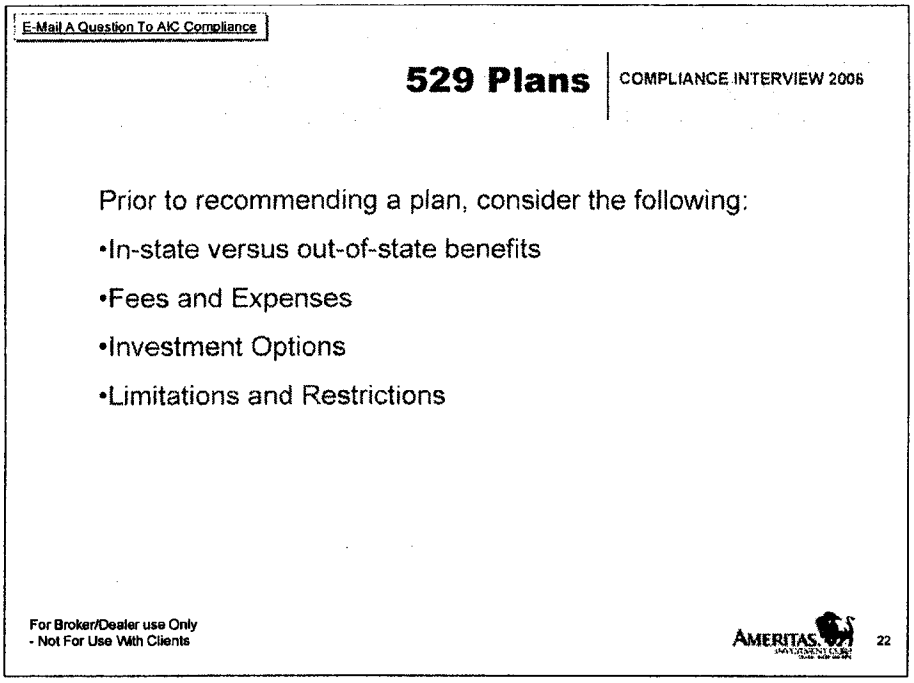
Switch letters are to be completed whenever a client liquidates securities to purchase another securities product - excluding monies from employer sponsored retirement plan rollovers and money market to mutual fund transfers.

This form must be completed in its entirety and signed by the representative, the client and reviewed and signed by your designated supervising principal.



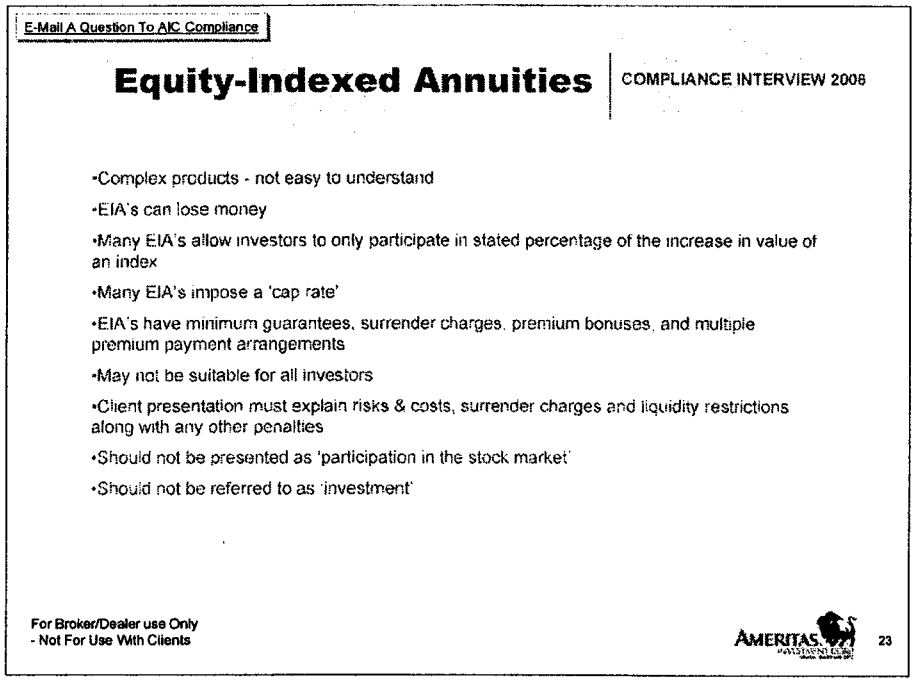
Mutual Funds, Advertising and Variable Annuities Sales and Sales Practices have been on the NASD's radar for the past few years. New this year we are seeing 529 Plans, Equity Indexed Annuities and Anti Money Laundering as areas of relevant industry issues.

Through the next section of this presentation we will discuss the reasons for the increase in scrutiny of 529 Plans and Equity Indexed Annuities.



529 Plans vary by state and, as a result, you are required to consider the following prior to recommendation: in-state versus out-of-state tax treatment; fees and expenses of the plan; investment options and plan's performance; and limitations and restrictions of the plan.

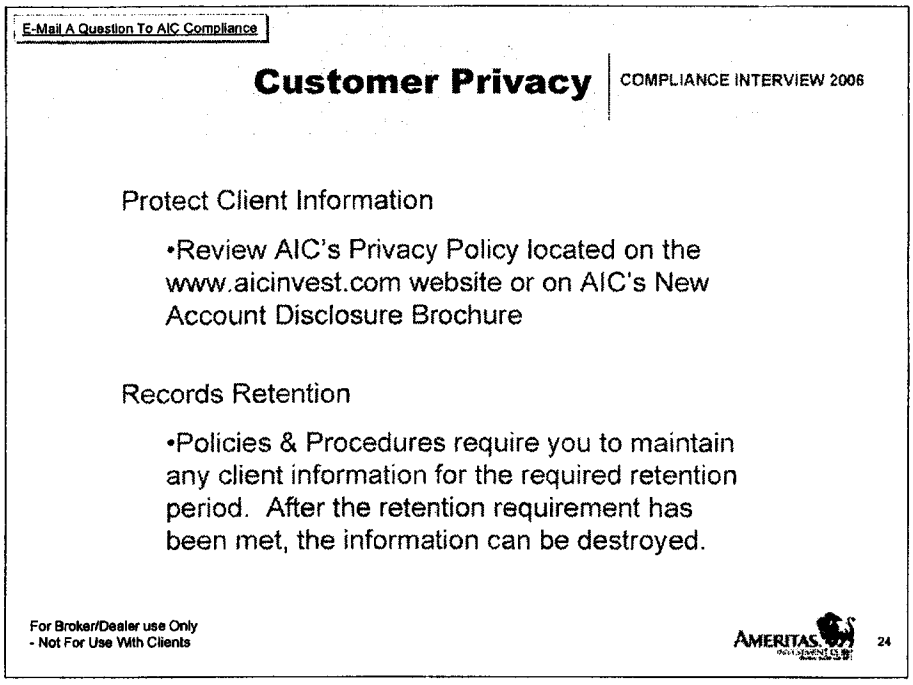
AIC's policies and procedures require that the 529 Plan Disclosure Form be completed for every transaction regardless of whether an in-state or out-of-state plan is used. This form verifies that all factors have been considered by both the representative and the client prior to the purchase. This form must be submitted with the required new account paperwork for principal review and processing.



Equity-Indexed Annuities are highly complex products and are not easy for investors to understand. Although most EIAs are an unregistered fixed insurance product, they do have downsides in that they can lose money and restrictions or limitations are placed on the amount of upside potential. EIA's can also have surrender charges, minimum guarantees, premium bonuses and multiple premium payment arrangements that make them not suitable for all investors.

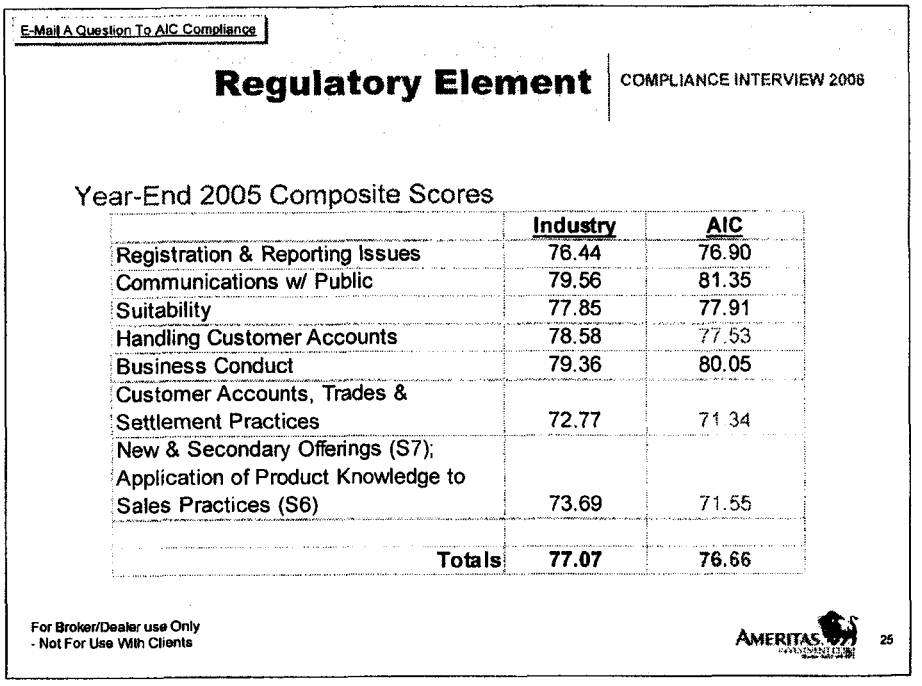
When presenting an EIA for sale to client, please be aware that you must explain the product in full including risks & costs; surrender charges; liquidity restrictions and any penalties associated with the product.

Although many EIA's are tied to a stock market index they should not be represented as participating in the stock market or as having stock market like gains. Also, since EIA's can lose money it is inappropriate to advertise them as having 'no downside potential'.



The recent press releases regarding stolen laptops has raised the awareness and the need of protecting your client's information at all times. As a registered representative you have a responsibility to ensure the safety of your client's personal information. AIC has a Privacy Policy in place in which all representatives are required to adhere at all times. Please refer to the AIC12 - New Account Disclosure Brochure or our website, www.aicinvest.com for a copy of our Privacy Policy.

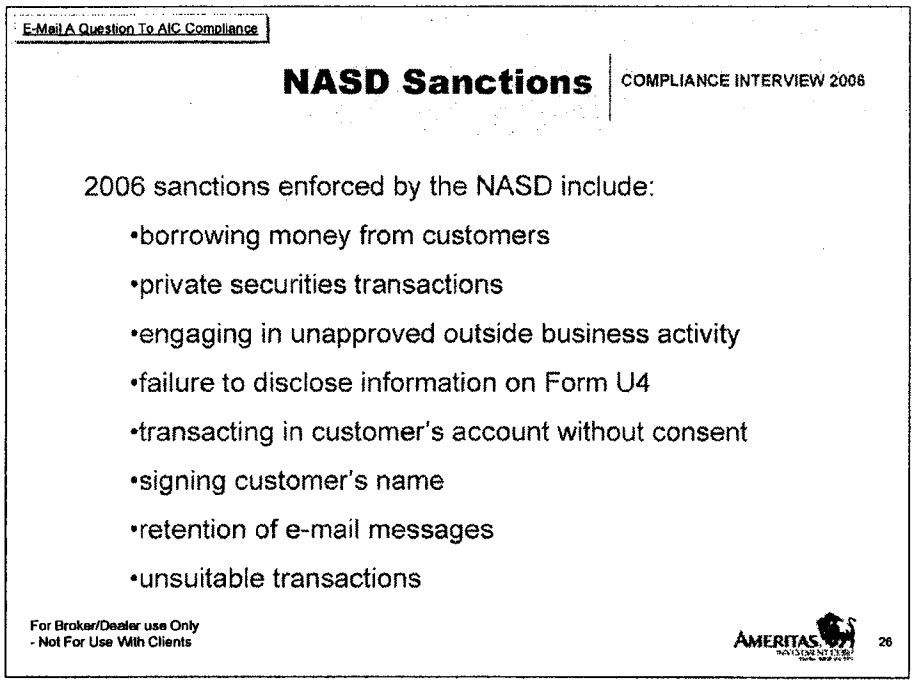
AIC adheres to the retention policy as required by regulatory agencies. Once you have met the retention requirement, you may destroy customer information. Destroying information does not mean throwing documents into the trash. The documents must be shredded or disposed of in such a manner that they are not retreivable. If you have any questions, please contact the Compliance Department prior to destruction of any document.



Every quarter the Securities Industry Continuing Education Program compiles the scores received from the individuals who have completed the Regulatory Element Continuing Education Program. As you can see from the totals represented on the screen, AIC scores are in line with the industry averages in all categories with only 3 falling slightly below average in the areas of handling customer accounts; customer accounts, trades & settlement practices; and new and secondary offerings for Series 7 reps and Application of Product Knowledge to Sales Practices for Series 6 reps.

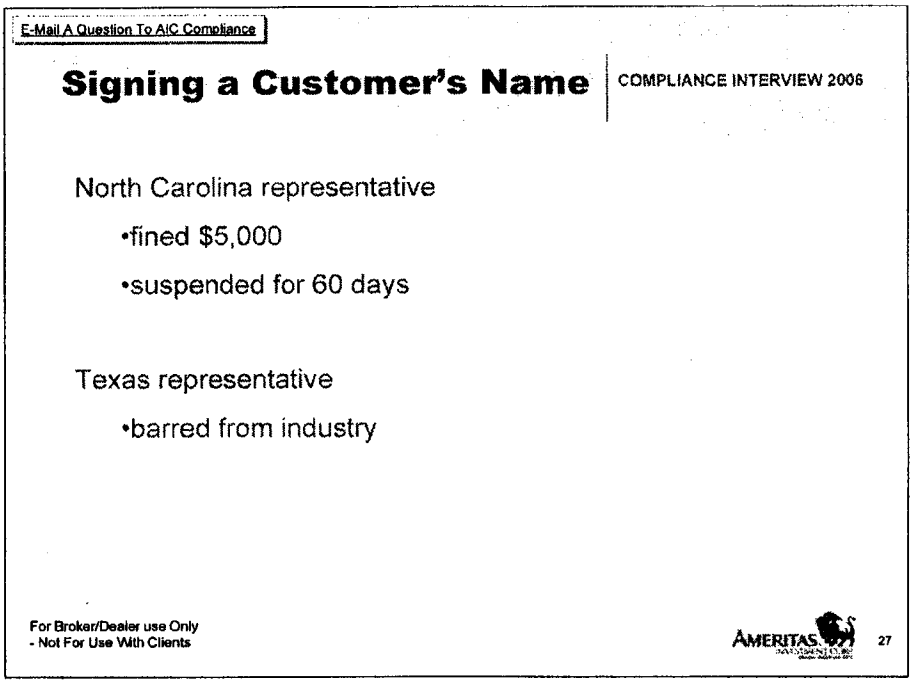
This information is reviewed by AIC and used to select the courses that make up the Firm Element program each year.

Please note- the AIC score reflected in this slide also includes former Carillon representatives in our totals.



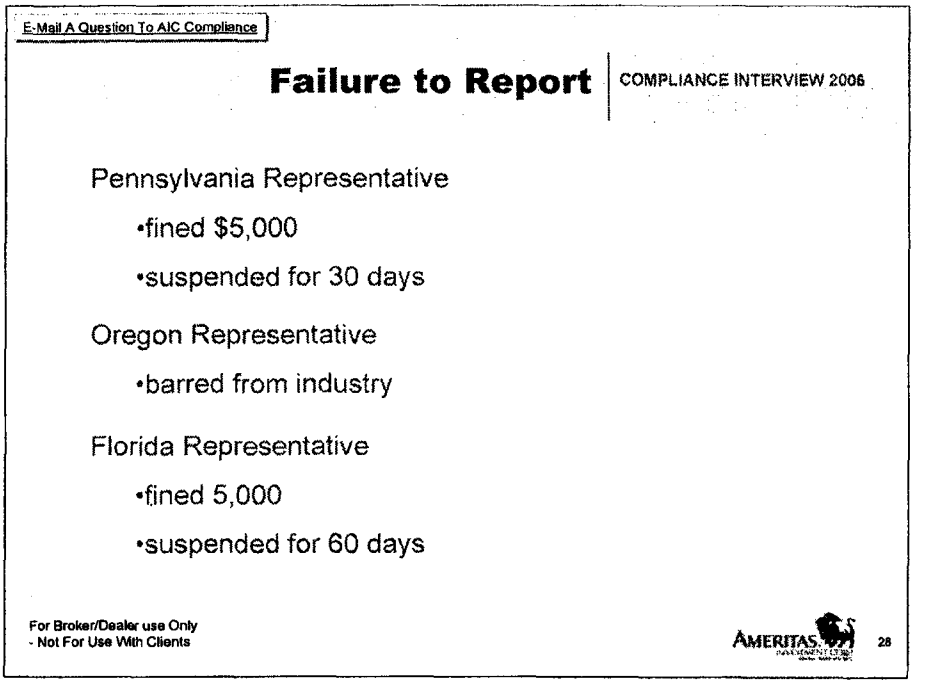
Each year the NASD investigates cases against member firms and registered representatives for violations of industry regulations. Throughout the following slides we are intending to illustrate to you the actions the NASD has taken against registered representatives and a member firm who have participated in any of these activities. Please note that the sanctions you are about to read against a registered representative are the NASD sanctions and are in addition to any sanctions that may have been taken by the member firms.

On the surface some of these violations may appear to be elementary; however, these are violations that we see on an ongoing basis and need to be addressed as a reminder to representatives.



A representative from North Carolina signed a Letter of Acceptance, Waiver and Consent that resulted in the sanctions showing on this slide. This representative consented to the entry of findings that he signed a customer's name on a switch letter and submitted the documents to his member firm for processing.

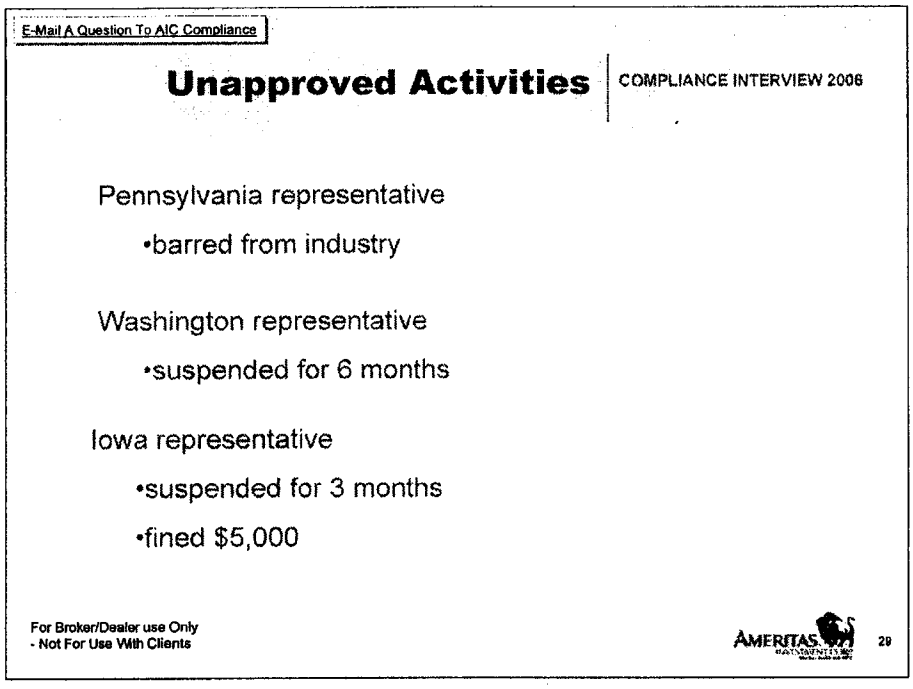
A representative from Texas also submitted a Letter of Acceptance, Waiver and Consent resulting in sanctions. By signing this form, this representative consented to the findings that he also forged signatures and submitted them to the member firm.



A representative from Pennsylvania signed a Letter of Acceptance, Waiver and Consent that resulted in sanctions for failing to provide his firm with prior written notification that he was engaging in an outside business activity for compensation.

A representative from Oregon was barred from any association with any NASD member firm in any capacity for willfully failing to disclose material information on his U4.

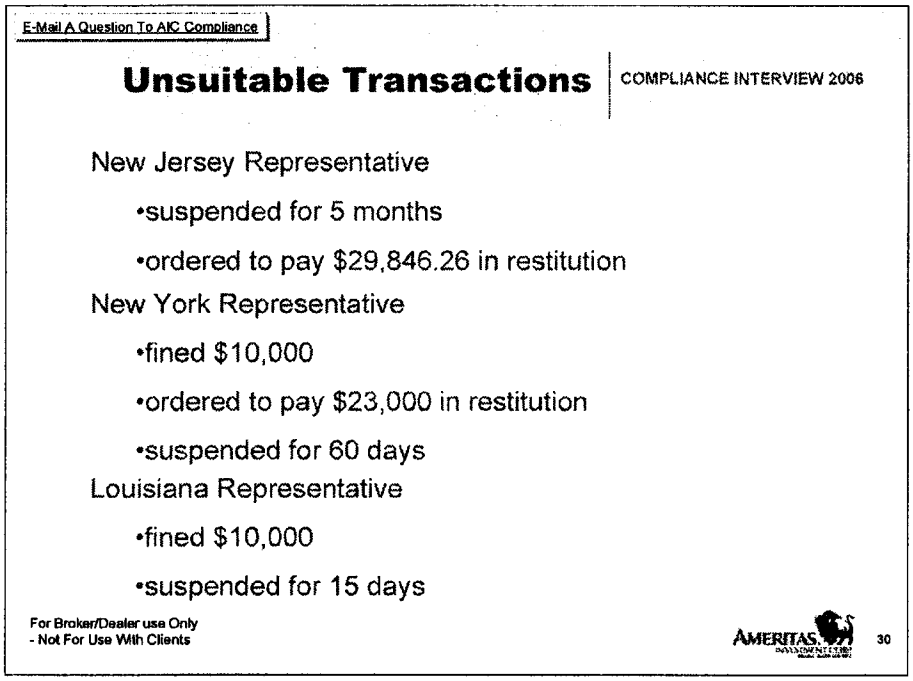
A representative from Florida received sanctions for failing to provide prompt written notice to his firm prior to engaging in an outside business activity.



A representative from Pennsylvania has been permanently barred from association with any NASD member in any capacity for engaging in a private securities transaction without providing prior notice to his firm or receiving approval from his member firm for the activity. In addition, this representative did not respond to the NASD requests for information.

A representative from Washington signed a Letter of Acceptance, Waiver and Consent that resulted in sanctions. By signing this form, he consented to findings that he participated in a private securities transaction without prior approval from or prior written notice to his member firm.

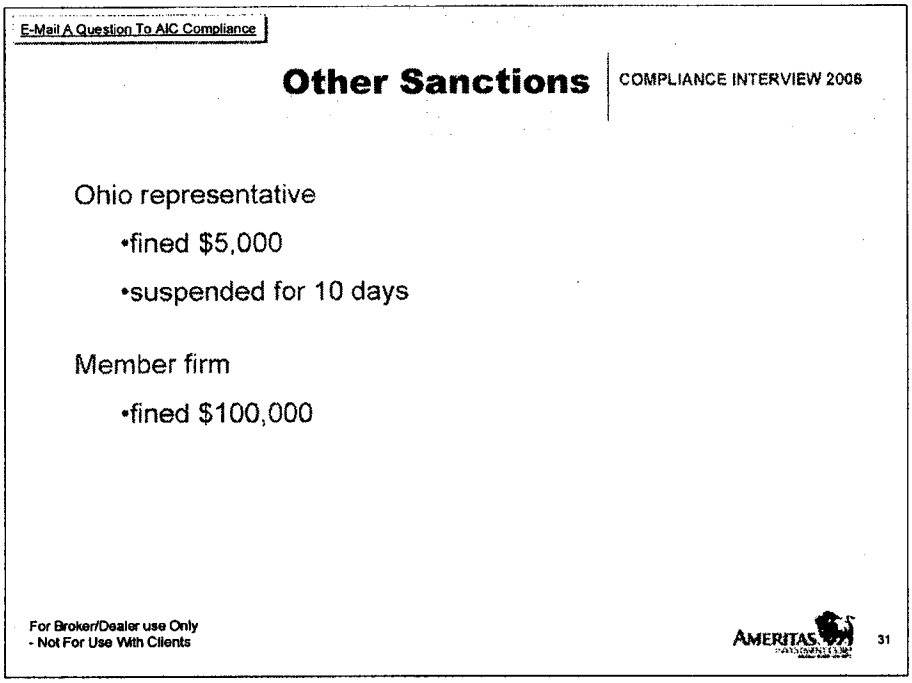
A representative from Iowa signed a Letter of Acceptance, Waiver and Consent that resulted in sanctions. By signing this form, he consented to the entry of findings that he engaged in an outside business activity for compensation without providing written notice to his member firm.



A New Jersey representative submitted an Offer of Settlement. This representative consented to findings that, without the customer's prior consent, he effected, or caused to be effected, transactions in their account.

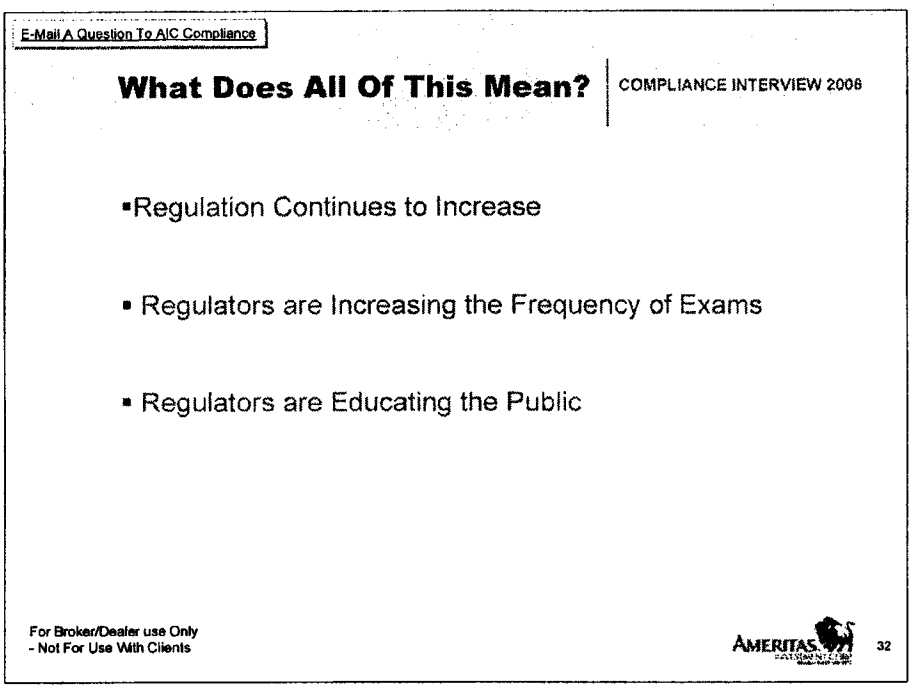
A New York representative signed a Letter of Acceptance, Waiver and Consent that resulted in sanctions. By signing the letter he consented to findings that he exercised control over a customer's account. In doing so he effected numerous and unsuitable transactions within the account.

A Louisiana representative submitted an Offer of Settlement resulting in sanctions. This representative consented to the entry of findings that he recommended and effected transactions in a customer's account without reasonable basis that the transactions were suitable given the investment objectives, needs and financial situation of the client. In addition, this representative used unapproved sales literature and did not maintain a copy of this literature for his files.



An Ohio representative signed a Letter of Acceptance, Waiver and Consent that resulted in sanctions. By signing this letter he consented to the entry of findings that he borrowed money from a client.

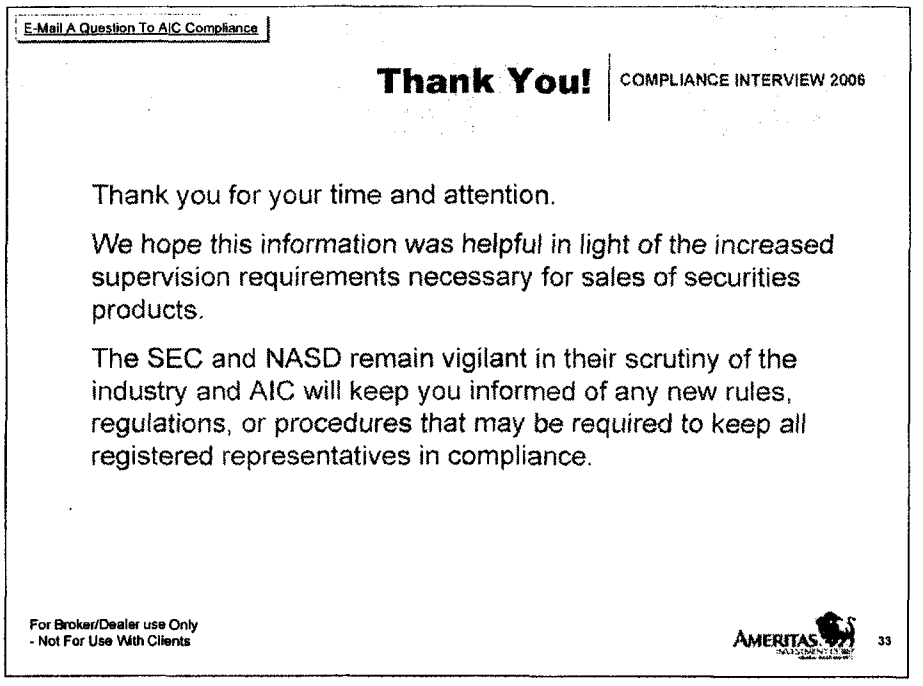
A member firm located in Alabama, signed a Letter of Acceptance, Waiver and Consent that resulted in sanctions. By signing this letter they consented to the entry of findings that they violated industry regulations by not having procedures in place to failure maintain a supervisory system for representatives in remote branch locations. The failures centered around the sales of mutual funds and variable annuities and the representatives ability to circumvent the suitability review procedures.



What does all of this mean for you?

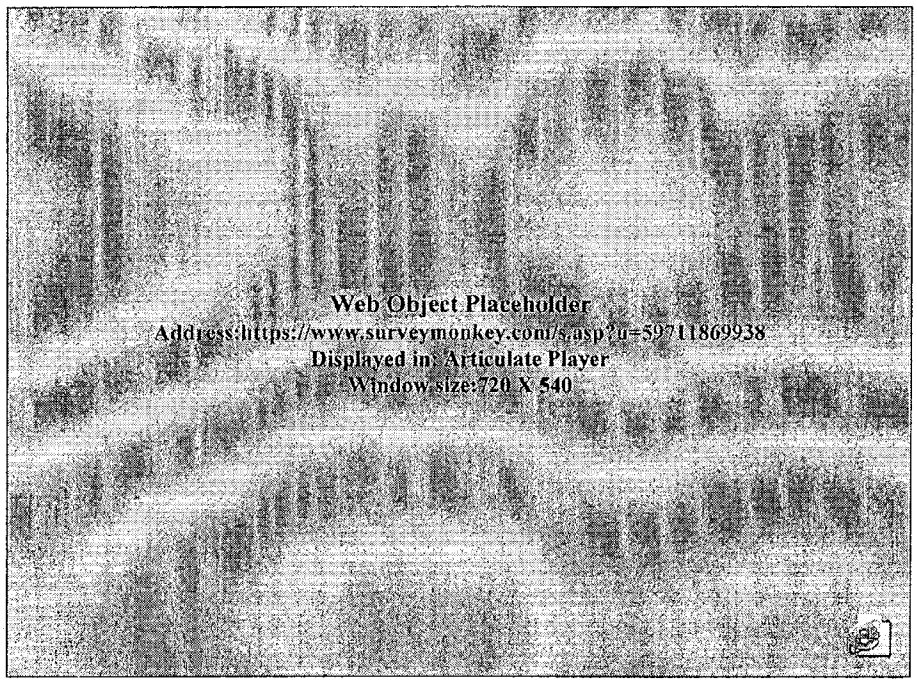
The heightened scrutiny will continue in the forseeable future. We anticipate that regulation will continue to increase and we will see an increase in the number of exams completed by regulators.

As your broker/dealer, AIC will remain vigilant in our efforts to ensure that you have the latest information available to you so you may continue to conduct business in a compliant manner.



Thank you for your time and attention throughout this presentation. Complete information regarding NASD enforcement information provided in this presentation is available on their website at www.nasd.com.

In addition, please certify your completion of this annual requirement by completing the digital signature screen you'll see in a moment. Prior to hitting the 'done' button on the next screen please print the screen and retain a copy for your records.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Compliance Alert
July 2010

AMERITAS INVESTMENT CORP.
Member: FINRA and SIPC

Outside Business Activities

Policy and Procedure Change

Ameritas Investment Corp. (AIC) has partnered with RegEd to provide us with an on-line tool that allows you the ability to request Compliance approval of a new Outside Business Activity (OBA), review of your existing activities to ensure they are current and request removal of any activities in which you are no longer involved. This new tool was initially announced with the launching of the 2010 Firm Element Continuing Education program and will provide for an on-going review and confirmation of your outside activities in conjunction with our annual training program. Please note: this annual review does not replace the pre-approval process for any new OBA in which you are considering engaging.

AIC has incorporated this on-line tool into our current procedures and, as such, this on-line tool replaces the current paper manual process and the Form AIC 415. **All future Outside Business Activities must be requested and approved through the RegEd website. Please remember that you are required to request and receive approval on any Outside Business Activity prior to starting the activity.**

When you complete your Firm Element training for 2010, you will notice that your current information, as reflected on the FINRA CRD system in Section 13 – Other Business, has been downloaded and pre-populated in the system for you; however, you may notice that some activities are not fully reflected. In particular you may notice the following:

- In the event an activity was in the CRD under Section 12 – Employment, you will be asked to re-enter this activity again on the RegEd system. This is due to the manner in which AIC and other broker/dealers previously input information into the CRD and the limitations of the FINRA system in which they provided us a download of this section. This likely applies to corporations or other entities in which you have ownership. Please ensure you disclose each of them that is not already recorded by name.
- AIC has also updated the questionnaire with some additional questions that will need to be answered on your existing OBA's. Please be sure to review each OBA to ensure that we have the most current, accurate information.
- Since board positions are not required to be reported to FINRA on the CRD we were unable to download the information to populate this program. If you have a board position that is not reflected on RegEd, please re-enter the information.

We apologize in advance for any inconvenience this may cause you. This will be a one time input to bring your U4 record current in the RegEd system and will assist in the annual review of your OBA's going forward. We appreciate your assistance in getting this valuable reporting tool up and running.

If you have any questions regarding the OBA Questionnaire or your current OBA activities, please contact the Compliance Department at 800-335-9858, Option 6.

Compliance Alert
May 2007

AMERITAS INVESTMENT CORP.
Member: NASD and SIPC

SELLING AWAY

This alert provides you with information on the consequences of selling away. The cost to investors, firms, and other financial professionals has a substantial impact to the industry.

Selling away activity committed by RRs can impact all of us. Results can include:

- Rise in E&O premiums (the number of E&O claims has a direct relationship to an increase in E&O premium) and litigation costs;
- Rise in state registration fees
- Increase in costs to broker/dealers that flow down to the RR in the form of lower payouts
- Higher affiliation fees
- Lack of investor confidence, and increased regulatory oversight and scrutiny.

WHAT IS SELLING AWAY?

Selling away is participating in any way in any activity involving a security outside the knowledge and consent of your broker/dealer.

WHAT IS A SECURITY?

A security is any investment contract, transaction, or SCHEME where a person places their money in some common enterprise and is led to expect profits solely from the efforts of others.

TYPES OF POTENTIAL SELLING AWAY ACTIVITIES

1. Anything that is done outside of AIC's review process that seeks to provide for any direct or indirect return/profit or benefit to a member of the public;
2. Viaticals;
3. Leveraged notes and prime notes;
4. A stock promoter reaches out to you with the latest product and tells you that an attorney already opined that it is not a security. You then show the deal to your customers or any member of the public REGARDLESS of any actual transaction;
5. You are involved in selling telephones, telephone leases, telephone switches;
6. You are selling anything that is called a "note", "debenture", "loan", "promissory something" outside of AIC's supervisory system;
7. You send communications to the public concerning any product that was not approved by AIC;
8. You assist an individual with the purchase of a security by entering an electronic order on the customers' E-Trade or similar account;
9. You assist an individual by helping them complete private placement documents for the purchase of unregistered stock in a Regulation D offering;
10. You help an individual raise capital for any investment;
11. You engage in a multi-level marketing situation and the marketer is unable to rely upon an exemption from being deemed a security;
12. You contact a no-load mutual fund vendor on behalf of a client and enter an order to buy or sell;
13. Limited partnerships not approved by AIC;
14. Regulation S/Offshore securities sales;

15. Getting people together to invest in your company or partners of your company that is an outside business activity doing the same thing while you have knowledge this is occurring.
16. Raising funds of any kind for a common goal.

WHAT ARE SOME MYTHS?

1. If I'm not getting paid for something then it doesn't matter;
2. I was only trying to help my clients;
3. It was my partner or business associate (in an outside business activity) that was soliciting the investment, not me.
4. I was given an opinion written and signed by an attorney that said it wasn't a security;
5. I never knew there was a procedure;
6. It was only my family members so it didn't count;
7. It doesn't trade on an exchange so it's not a security;
8. My client has made a lot of money on this so it should be OK;
9. This is just part of the comprehensive financial services I provide and charge an hourly fee for.

HOW DO RR'S GET INVOLVED IN SELLING AWAY?

1. They just don't know they are involved; and/or,
2. They are targets.

RR's are in the business of trying to find the best solutions for their customers. Often times, customers are demanding returns that the current market simply cannot provide. RR's want to help and keep their customers, and may without knowing, venture into activities using their DBA's or other outside businesses. Oftentimes, the result is an innocent engagement in a private securities transaction.

WHAT TO DO?

1. Always contact the AIC Compliance Department at 800-335-9858, Option 6, if you are unsure of whether we should know about the activity. You will bear the burden of proof;
2. Be vigilant in your own activities and the activities of others;
3. Always question all aspects of a potential business;
4. Never jump into something without giving it careful consideration;
5. If it sounds too good to be true, it often is;
6. Report any suspicions of selling away activities of others regardless of physical evidence;
7. Weigh your intuition but above all, use common sense.

WHAT AND WHERE ARE THE RULES?

NASD CONDUCT RULE 3030 (Outside Business Activities Rule)

RR's are required to notify AIC in writing prior to engaging in any outside activity. AIC then requires that RR's wait until they receive written approval before engaging in any outside activity. RR's must have a response before proceeding. Use the Request For Outside Business Activity Questionnaire (copy attached or available at our website) for notification purposes. Submit it to the Compliance Department via fax at 402-325-4212. Depending on the activity, the Compliance Department may require additional information.

NASD CONDUCT RULE 3040 (Private Securities Transactions)

RR's must notify AIC prior to any private securities transaction. Until AIC has made a suitability review of the initial transaction and provided the RR with written approval, the proposed private securities transaction cannot take place. In addition to these requirements, AIC is also required to supervise your activities in connection with private securities transactions and get the transaction on its books and records (ie. it must be submitted just like check/app business and reported through our back-office system, CAESAR.)

A private securities transaction is any securities transaction outside the regular course or scope of your employment with AIC.

In order to get a complete understanding of what may be considered a private securities transaction, you need to first determine whether or not a security is present. Once you determine this, then you need to determine whether your participation in the transaction is part of the regular way AIC would otherwise arrange or effect the transaction. Generally, you will find that securities transactions through AIC are arranged and effected in three ways:

1) **The transaction is effected on your trading desk;**
2) **The transaction is effected via wire order directly with a sponsor who has a selling agreement with AIC;**
3) **The transaction is arranged by submission of a vendor application or subscription document which is then submitted to a sponsor who is an approved sponsor for AIC.**

If you find that you are participating in transactions that do not fall into the three examples above, AIC will consider your activities to be potential SELLING AWAY ACTIVITIES. SELLING AWAY IS A VIOLATION OF SECURITIES LAWS.

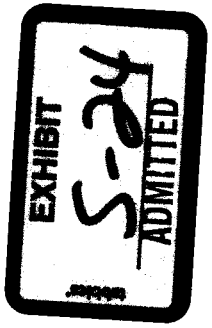
Reminder, regardless of whether or not any compensation is paid to you, you could still be participating in private securities transaction.

If AIC determines that you have sold away, your securities registration may be terminated immediately and the violation must be reported to industry regulators.

If you have any questions about this please contact the Compliance Department at 800-335-9858, Option 6.

Blake Supervision

7/18/11 Response #8



Cheryl L. Heilman
Chief Operating Officer
5900 O Street / Lincoln, NE 68510-2234
Bus. 402-467-7461 / Fax: 402-467-6902 / E-mail: cheilman@ameritas.com

Via email and certified US Mail

September 3, 2010

Michael Blake
5040 E. Shea Blvd, Ste 162
Scottsdale, AZ 85254

Dear Mr. Blake,

AIC has conducted a review of the materials provided to us relative to the Pippert arbitration and FINRA's review, as well as materials provided in your response to FINRA inquiries. Thank you for your cooperation in providing these materials to AIC. The arbitration and FINRA inquires focused on your activities relative to your personal real estate investments, as well as your participation in real estate investments made by other individuals.

As part of our review, we reviewed AIC and Carillon records to determine whether approval was granted for these outside business activities. We found that in 2002, Bernie Breton (former Chief Compliance Officer of Carillon Investments, Inc.) approved your request to be a member of the Longest Drive LLC, which you formed with four of your friends for purposes of investing in commercial real estate projects. Our review found no evidence of any approval by Carillon or AIC for any activity beyond personal investments in real estate. In fact, until we began our review of materials associated with the recent FINRA inquiry, AIC had no knowledge that your activities had expanded beyond your approved personal investment in real estate.

Sections 2.20 and 2.25 of AIC's Policies and Procedures Manual clearly outline the approval requirements for outside business activities and private securities transactions. Your failure to request review and approval of your expanded activities relative to real estate investing has violated these policies.

AIC believes that your activities could be deemed private securities transactions. Because you failed to request review and approval of your expanded real estate activities, AIC was unable to conduct a proper review to make a determination as to the status of the transactions. As discussed with you, FINRA has been aggressive in detecting private securities transactions and applying disciplinary actions to representatives that have engaged in such transactions.

Through our review of materials and discussions with you, we have noted several mitigating factors that we considered in our evaluation of this matter. First, we note that you did not receive any direct compensation for your role in real estate transactions. We also believe that you did not intend to deceive AIC in this matter and did not knowingly engage in securities activity away from AIC. We also made note that you took clear and specific steps so that there was no doubt in your dealings with these individuals that this activity was separate and distinct from, and totally unrelated to, AIC.

Despite these mitigating factors, we have determined that the severity of your failure to disclose this activity warrants the following sanctions:

- 30-day suspension from all securities activities. Such suspension will begin on September 13, 2010 and expire on October 13, 2010.
- Monetary Fine of $2,500.
- An in-person Compliance Conference in Lincoln, NE for further training on requirements regarding outside business activities and private securities transactions.
- Resignation as co-chair of Broker/Dealer Task Force for 2010.
- As previously discussed, no new activity may be conducted through any entity established for real estate transactions (Longest Drive LLCs)

During your suspension, you cannot conduct any securities transactions for clients, you cannot prospect for new clients, and you cannot contact clients for any purpose relating to securities. You will need to make arrangements for the servicing of your clients during this suspension period and you must clearly communicate these arrangements to all clients. No securities compensation will be earned or paid during your suspension. Any securities commissions received by AIC during your suspension will be forfeited.

You are also required to provide AIC with your written action plan of your arrangements to ensure your clients will not be affected by your suspension. In addition, during your suspension, you may not participate in any AIC-related presentations or discussions at UNIFI or industry events or conferences.

Going forward, you must recommit to following our rules and procedures by clearly disclosing to AIC any personal investment activity that is not covered by the Investment Advisory quarterly transaction reporting you currently submit. In addition, you must recommit to requesting prior written approval of each and every outside business activity, and/or change to a previously approved outside business activity, and each and every proposed private securities transaction prior to engaging in such transactions.

The sanctions outlined above are based on our current understanding of your activities. If additional information comes to our attention that warrants further disciplinary action, you will be notified. In addition, please remember that FINRA is currently conducting a review of your activities regarding real estate transactions. FINRA will independently determine if any disciplinary action is warranted as a result of their review. Any disciplinary action imposed by FINRA is separate from the actions outlined above.

Please sign where indicated below to acknowledge your understanding of and agreement to the terms of the disciplinary action outlined in this letter.

Sincerely,

Cheryl Heilman
Interim Chief Compliance Officer

In signing below, I acknowledge my understanding of and agreement to the terms of the disciplinary action outlined in this letter.

Michael Blake — Date: 9-9-10

Accepted by Ameritas Investment Corp.

Cheryl Heilman — Date: 9-13-10

From the October Meeting

Re: Longest Drive LLC (LD)

We discussed in detail the disposition of Longest Drive LLC (LD). Michael verbally informed AIC of the following:

1. There is no new activity.
2. Three projects still open:
   a. Romeoville ($250k)
   b. Deer Park (approx $200k)
   c. Burr Ridge ($2.4 million)
3. Romeoville is fully operational. Deer Park is fully operational. Burr Ridge has not been able to get off the ground. Land in place but no improvements. Cannot get credit to build.
4. Michael travels to Illinois 2x per year. His main purpose is to "drive by" the properties, ensure the signs are still up and activity is occurring.
5. Michael will receive sporadic communications from the property managers/developers. Michael will photocopy those documents and mail them to the investors.
6. Michael will file K1's. CPA, Joe Weaver prepares. Michael distributes the K1s to the investors. Investors will tender payments to Longest Drive LLC for what they owe for their proportionate share.
7. Michael will get calls from investors relating to the K1's (most often – when are they coming).
8. If and when the three projects wind down, Michael will be involved in disbursing any payments from the properties. This involves receiving a check from the properties, calculate the prorate amounts per investor, and distributing investor checks.

Re: Longest Drive II

Michael is not doing anything with this entity. He will arrange to close it by withdrawing it as a company with State of Arizona.

Notes for File

Conference Call with Michael Blake
11/30/10
3 pm central

Cheryl Heilman, Salene Hitchcock-Gear, Michael Blake

Three items discussed.

Golf outing – informed Michael that we would not want Zelznack or Vento in attendance at any AIC sponsored event. He indicated that while they were invited, they did not attend. Michael indicated that his new assistant sent the invitee list to Amy Starkey; not the attendee list.

Notes: Amy should send Michael a request for the final attendee list.

Longest Drive II LLC – asked Michael about the disposition. He said that his attorney (Steven Fox) filed the dissolution papers with Arizona in early November. They are just awaiting the confirmation from the State. They had to prepare a non activity report and a written agreement to dissolve.

Michael also mentioned that his attorney has done the filings to dissolve Spec 5 too.

Cheryl indicated to Michael that AIC has spent a lot of time evaluating the activities relative to Longest Drive LLC that Michael indicated he is or needs to do relative to the three remaining projects. Cheryl indicated to Michael that those activities will need to be wound down in some fashion. Cheryl asked Michael if he has given any thought to how that might be done? Salene then discussed the history of how AIC became aware of the full scope of the activities and that AIC would not have approved them and that Michael is in a place now where he simply cannot stay and that AIC would only approve a role where Michael is merely a passive investor.

Michael understands what needs to happen and asked if he can communicate back and forth with Cheryl regarding steps he will take. He will have a discussion with his attorney on how to accomplish this but that he does need some time to figure it out. Salene indicated that we would allow him this time.

Cheryl mentioned that he might consider arranging for the property managers to register ownership directly with the investors. Michael will be investigating this and other options for AIC to evaluate.

The steps that AIC has taken concerning Michael Blake:

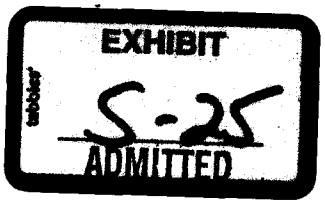
Upon finalizing our review of Michael Blake's ("Mr. Blake") activities relating to the Longest Drive, AIC did the following:

1. Mr. Blake was suspended from engaging in any securities related activities for a period of 30 days. Please see attachment 1.
2. Mr. Blake was required to travel to AIC's home office in Lincoln, Nebraska for a Compliance Conference. The conference was designed to further educate Mr. Blake concerning FINRA rule 3030, 3040, and 3050 as well as AIC's policies and procedures related thereto. In addition, this conference was designed to ensure all outside business activities have been identified and categorized. Please see attachment 2.
3. Following the Compliance Conference, another Compliance Conference was held via telephonic means. Please see attachment 3.
4. AIC significantly limited Mr. Blake's activities relating to participating in any AIC functions such as speaking engagements at AIC regional conferences.
5. Following the Pippert mediation, AIC became aware of Mr. Blake's financial situation and requested Mr. Blake provide AIC with authorization to review his credit report. While Mr. Blake was willing to provide this authorization, his attorney became involved and prolonged the process. Notwithstanding, Mr. Blake signed the authorization and AIC will be monitoring his financial situation.
6. AIC periodically inquires with Mr. Blake as to the disposition of the remaining three properties and his activities related thereto. The main functions he carried out in the past have shifted to his accountant. Further winding down of the three remaining properties continues to be monitored.
7. Mr. Blake's annual inspection to be conducted this year will focus on outside business activities, reviewing of his checking and other business bank accounts, and a face to face interview.

AMERITAS.
INVESTMENT CORP.
Member: NASD and SIPC

AMERITAS INVESTMENT CORP. (AIC)

WRITTEN SUPERVISORY MANUAL



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ACC001423
FILE #8451

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AMERITAS INVESTMENT CORP.
SUPERVISORY MANUAL

The securities industry is subject to various rules and regulations established and enforced by various regulatory bodies. One major provision of securities industry regulations is that all firms conducting a securities business must properly supervise the activities of its representatives. The most comprehensive rule for supervision is **NASD Rule 3010** which sets the minimum supervision requirements for all broker/dealers.

Consistent with the requirements of the Securities and Exchange Commission (SEC), NASD, Municipal Securities Rulemaking Board (MSRB), and State regulators and to assure compliance with applicable securities laws, rules, regulations and statements of policy promulgated thereunder, the procedures set forth in this manual will govern the supervision of the activities of Ameritas Investment Corp. (AIC) and its associated persons. These procedures will be updated periodically to encompass changes in rules and regulations, policies and supervisory designations. The policies will be followed in a consistent manner by all associates. The manual is not to be construed as all inclusive but rather to provide overall compliance guidance. The supervisory manual is considered confidential and proprietary.

Each person granted supervisory responsibility in the SCHEDULE OF DESIGNATED RESPONSIBILITIES, Addendum A, will have the duty and responsibility to make certain that all laws, regulations, rules and policies applicable to AIC's business are in compliance in the office or offices where the individual manages or oversees. This consequently will obligate such person(s) to be familiar with and to remain current concerning all such laws, regulations and policies. Such person must also fully comprehend and be familiar with this manual, which should serve as a guide in carrying out his/her supervisory and oversight role. AIC will, from time to time, update this manual with announcements via AIC Compliance Alerts.

AIC provides its associates with a Compliance Manual designed to educate and assist in ensuring compliance with the rules and regulations of AIC's regulators by setting forth AIC's policies and procedures. Associates are responsible for being familiar with and complying with the regulatory requirements and internal policies and procedures.

AIC is a dealer of municipal securities as defined by the MSRB. Supervisory Procedures concerning AIC's municipal securities activities are addressed in this manual.

AIC is a Registered Investment Advisor (RIA) with the SEC and the applicable states requiring registration and/or a notice filing. Investment Advisor Representative (IAR's) of AIC are registered in the same manner. A separate manual addresses the activities of AIC's RIA and its IAR's.

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I. AIC ORGANIZATIONAL STRUCTURE

AIC is a registered broker dealer pursuant to the Securities Exchange Act of 1934, and is a member of the NASD, MSRB and Securities Investors Protection Corporation (SIPC).

AIC has entered into a fully disclosed clearing agreement with Pershing LLC (Pershing) and RBC Dain ("Clearing Firms") Customer transactions are made on a fully disclosed basis. Securities are executed and cleared through Clearing Firms, and Clearning Firms are responsible for the maintenance of books and records relating to the account activity.

AIC acts as the principal underwriter for the variable products offered through Ameritas Variable Life Insurance Company (AVLIC), Ameritas Life Insurance Corp. (ALIC).

A. OVERALL SUPERVISION

The Chief Executive Officer of AIC is responsible for annually certifying that a process is in place to adopt compliance policies and supervisory procedures reasonably designed to achieve compliance with Securities Laws and NASD Rules.

1. Home Office

AIC's home office is located at 5900 O Street, 1st Floor, Lincoln Nebraska. The Designated Registered Principals are located at the home office or in designated Offices of Supervisory Jurisdiction (OSJ). In addition, books and records required to be kept by the firm pursuant to the Securities and Exchange Act of 1934 and Rules promulgated thereunder and/or NASD Rules are kept under the custody and control of the home office. While the supervisory procedures described herein may require certain files to be kept in OSJ's and in branch offices to aid in the management of the offices, these records are considered ancillary records of the home office.

B. BRANCH OFFICE STRUCTURE

NASD Rule 3010 (g)(2) defines a Branch Office as any location identified by any means to the public or customers as a location at which the member conducts an investment banking or securities business.

Only an Office of Supervisory Jurisdiction (OSJ) or a Branch Office may display signage identifying the location to the public as an AIC facility. Letterhead and business cards may show the address and telephone number of a non-branch location providing the address and the telephone number of the supervising OSJ is also shown. Advertisements may display the address and telephone number of the location where securities are sold only if the location is a branch office or OSJ.

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1. **Office of Supervisory Jurisdiction (OSJ)**
In order to comply with the provisions of the rule and to insure that all representatives of AIC are being properly supervised, certain offices have been designated as OSJ's. An OSJ is responsible for the direct supervision of assigned branch offices as well as detached RRs who are not physically located in a branch office and are assigned to the OSJ. The OSJ requires a Supervising Principal, who is designated by AIC to carry out required supervisory tasks in the OSJ and carries the NASD designation by successfully passing the Series 24 or 26 exam. The Designated Principal is responsible for the activities of all the assigned RR's. The Designated Principal may not accept responsibility for supervising their own activities. A designated Principal's activities must be supervised by another Designated Principal.

The duties and responsibilities of the OSJ are listed in **Addendum B.** All OSJs must meet the duties and responsibilities stated in Addendum B, and sign an OSJ Agreement.

One important note for all Designated Principals to consider is the possibility that your office may experience an audit by one or more of the various regulatory bodies including the SEC, the NASD or one of the various state securities commissions. If this occurs, contact the Compliance Department and inform an associate of the visit so he/she can speak with the visitor in order to determine the nature and/or scope of the visit. The entire staff should treat the visitor cordially since the last thing desired is an adversarial relationship with someone conducting an audit of your office.

The OSJ must establish and maintain separate books and records for all securities business transacted by RRs located in the OSJ and branch offices for which the OSJ is responsible or by detached RRs who are assigned to the OSJ. Every OSJ will be inspected each calendar year by AIC's Compliance Department or their designee.

2. **Branch Offices**
Any office location physically housing **three or more** RRs will be registered as a branch office with the NASD. Any RR generating more than $100,000 of securities commission must register as a branch office with AIC. One of the RRs will be designated as the registered representative in charge (also referred to as the Records Explainer under SEC Rules 17a-3 and 17a-4) and will have the duties and responsibilities as delineated in **Addendum C.** All branch offices must meet the duties and responsibilities stated in Addendum C.

Separate branch office books and records shall be maintained for all securities business transacted by the RRs physically located within the branch office. These individuals will be directly supervised by the OSJ to which they are assigned.

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3. **Non-Branch Offices**
Any location not designated as an OSJ or registered as a branch office will be deemed a non-branch office. All offices must meet the duties and responsibilities designated in Addendum C.

Separate non-branch office books and records shall be maintained for all securities business transacted by the RRs physically located within the non-branch office. These individuals will be directly supervised by the OSJ to which they are assigned.

4. **Operation on Bank Premises**
Any facility which is physically located on bank premises will be registered with the NASD as a branch office.

All investment activities of AIC conducted at bank locations will be established and executed in compliance with the Interagency Statement and other relevant regulatory requirements. RRs considering bank relationships must consult the Compliance Department **prior** to engaging in any bank/brokerage activities.

The Compliance Officer will require that all bank locations be supervised by a non-home office OSJ, see Addendum K.

5. **State Requirements**
Certain states require that any location (e.g., vacation home, seasonal office, residence) at which securities business is conducted must be registered with the State Securities Department as a branch office. Some states require a direct registration while others require that the registration be made through the NASD CRD System. In those states that require it, even a single registered representative operating out of his/her home must be registered as an AIC Branch Office. Please check with AIC Compliance to verify requirements in a particular state.

6. **Branch and Non-Branch Office Inspections**
Each branch office must be inspected every 24 months by a supervising principal designated by AIC's Compliance Officer.

Each non-branch office must be inspected periodically by AIC's Compliance Officer or his designee. The schedule of inspection will be every 24 months.

AIC Branch Office and Non-Branch Office Inspections are documented by the Compliance Officer's designee on the Branch Office and Non-Branch Office Inspection Checklist, **Addendum D**, which, after completion, is submitted to the AIC Compliance Department. If any deficiencies are noted, they must be addressed by the registered

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representative in charge of the branch office on the form or explained in a separate memo to Compliance.

The Supervising Principal of the OSJ will be responsible for completing inspections of its assigned branch offices and non-branch offices on a regularly scheduled basis as instructed by Compliance. A completed report of the inspection must be filed with the AIC Compliance Department following completion.

Any person designated by the Compliance Officer to perform an inspection must file a completed inspection report with the AIC Compliance Department within 15 days following the inspections.

If AIC's Compliance Department determines that a branch or non-branch requires a heightened inspection, the OSJ will be notified accordingly.

If any location is determined to house a personal producing manager that generates more than 20% of the revenue for his/her business unit, then that location must be inspected every other year by the Compliance Department or an independent consultant hired by the Compliance Department. Procedures are documented in the Control Procedures.

7. **Compliance Interviews**
Designated Principals are required to ensure that all RRs participate in an annual Compliance Interview.

Issues to be covered in a Compliance Interview including but not limited to:

a. Selling Away

b. Books and Records requirements

c. Submission of Monthly Transaction Blotters

d. Approval procedures for out-going solicitation correspondence, including use of internet e-mail and websites

e. Suitability

f. Full Disclosure

g. Current Prospectus

h. Continuing Education Requirements

i. Acknowledgement of Investment Product Change

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j. Incoming Correspondence Procedures

k. Exception Reports - purpose, design and fit within overall structure

l. Anti-Money Laundering

Each RR is required to participate in a formal Compliance Interview at least annually. Failure to complete an annual interview may result in termination of affiliation with AIC.

II. REVIEW OF RR APPLICANTS

A. Registration and Related Requirements

Prior to being approved as a RR of AIC, the applicant must have taken and passed the appropriate NASD examinations for qualification to engage in the securities business. Additional examinations may be prescribed as prerequisites, depending upon the business to be engaged in, and/or any additional regulatory or other requirements.

B. Background and Experience Prerequisites for RRs

AIC's Compliance Officer or his/her designee will conduct an extensive background check of RR applicants. The background check may include any or all of the following: a) a credit check; b) access of employment and disciplinary history via the CRD System; c) contacting present and/or previous employers; and d) accessing such other available resources of similar nature as the Compliance Officer deems appropriate.

Applicant RRs must cooperate with the Compliance Officer's request for additional information relative to the background check.

All information collected as part of the background check on an applicant RR, as well as any supplemental information provided by the applicant RR at the request of the Compliance Officer, will be made a part of the RR's file with AIC. Final determination to affiliate an RR will generally be in accordance with AIC's established hiring standards included in this manual as **Addendum I.**

C. Upon termination of a Registered Representative, AIC's Compliance Officer or designee will process a U-5 and enter the informationin the Web CRD, disclosing the reasons for the termination (but no later than 30 days). A copy of the U-5 will be provided to the representative via certified mail when the U-5 is electronically filed with the NASD/CRD (but not later than 30 days after termination). All Registered representatives are required to update the compliance department any time their place of residence changes (but no later than 30 days after they move). All residential addresses will be cross-referenced with the commissions department prior to terminating a registered representative in order to verify the current address.

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Should AIC need to amend a Form U-5, the amended U-5 will be promptly submitted to NASD for consideration via Web CRD (but no later than 30 days after notification to amend the U-5). A copy of the U-5 will be provided to the last known address of the representative no later than 30 days after amending the U-5.

III. ONGOING CONTINUING EDUCATION PROGRAM

A. Regulatory Element

The Securities Industry Continuing Education Program - Regulatory Element was effective in July 1995. It is applicable to all RRs. Each RR must complete the Regulatory Element on their second registration anniversary and every three years thereafter. The RR has a 120 day period following the anniversary in which to complete the interactive training at a testing center.

1. NASD Notification

AIC receives notification monthly from the NASD identifying those RRs who are approaching their 120 day period during which the Regulatory Element training must be accomplished. The monthly report identifies the beginning and ending date of the 120 day period. Carol Bishop, Licensing and Contracting Representative or her designee shall be responsible for reviewing the Continuing Education Firm Que available on Web CRD, notifying RRs, and tracking completion of their Regulatory Element.

2. RR Notification

The RR is notified by AIC Licensing and Contracting approximately 2-3 weeks prior to the beginning of the 120 day period. The original personalized notice received from the NASD is enclosed with AIC's initial notification.

An informational booklet explaining the Securities Industry Continuing Education Program is also supplied with the initial notification to the RR. The RR is responsible for making his/her appointment with the testing center. Further information and outlines can be viewed on the NASD website. (Bookmark: www.nasdr.com).

3. Completion of the Regulatory Element Training

On completion of the Regulatory Element Training, the RR will receive a completion statement from the testing center and will be listed on a monthly NASD report to AIC.

4. Follow-up Procedures

A final follow-up notification is sent by AIC to the RR's and the supervising principal who have 30 days remaining to complete the testing.

5. Failure to Complete Regulatory Element Training

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If the RR is deficient on the Regulatory Element Training, on the 121st day, AIC Licensing and Contracting will:

a. Notify the RR to advise him/her of the deficiency and to indicate that no further securities business can be conducted unless the RR can provide proof of completion.

b. Mark the RR's securities registration inactive. Revise the RR's computer record (SLIQ and Caesar back-office systems) which will prevent any further securities transactions . The Caesar System will block securities transactions through AIC Commissions, as well as payment of any further securities commissions.

c. Notify AIC Operations that no further securities business is to be transacted until further notice. Documentation of such notification must be kept and placed in the RR file.

The NASD notifies the Broker/Dealer of the failure of a RR to complete the Regulatory Element Training within the 120 day period. This notification is received by the Broker/Dealer approximately one week after the 120th day and is mailed with a letter of deficiency to the RR. A copy is kept for the RR's file.

d. If a RR is inactive, Supervising Principals shall monitor RR activity for securities business.

6. **Reactivation**
Reactivation of the RR's ability to transact securities business is possible only after the Regulatory Element Continuing Education Training has been completed and notification has been received from the NASD. RRs will be assessed a fee of $500 to be paid in advance of reactivation.

7. **Termination**
Failure to complete the Regulatory Element within 30 days of the 121st day, or such other day as the NASD allows, will result in termination.

8. **Record Keeping**
A database will be maintained in the AIC Licensing and Contracting Department showing each RR, CRD number, Social Security Number, date of initial notification to the RR, the date of the 120th day following the applicable anniversary date and the date the Regulatory Element Continuing Education Training is actually completed. This database will be used to monitor the progress of the RRs and to identify those whose license must be marked inactive due to failure to complete the Regulatory Element testing.

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B. Firm Element

The Firm Element Requirement of the Continuing Education Program requires a member firm to maintain a continuing and current education program for its covered RRs to enhance their securities knowledge, skill and professionalism.

A covered RR is a RR who has direct contact with customers in the conduct of AIC's securities sales, trading and investment banking activities, and the RR's immediate supervisor.

1. Administration

AIC's Compliance Officer or his/her designee will administer AIC's Continuing Education Program - Firm Element. As part of this administration, the Compliance Officer or his/her designee shall evaluate, plan, and monitor completion of training and education for RRs.

a. Evaluation

The Compliance Officer or his/her designee shall annually evaluate and prioritize training needs of AIC, taking into account products and services offered, the RRs of AIC and their business mix and experience. The evaluation will result in an electronic needs analysis.

At a minimum, the plan will take into consideration AIC's size, organizational structure, and scope of business activities, as well as regulatory developments and the performance of RRs in the Regulatory Element.

b. Plan

From the evaluation and need analysis, and after obtaining input from various sources, the Compliance Officer or his/her designee will develop a written plan covering the years Firm Element of the Continuing Education Program. The Plan will include a program concerning securities products, services and strategies offered by AIC.

The Compliance Officer or his/her designee will take steps to announce and implement the Program on an annual basis.

c. Record Keeping

The Compliance Officer or his/her designee will establish and maintain records listing all covered RRs who are subject to the Firm Element, documenting the content of the Firm Element of the Continuing Education Program, and documenting the completion of the program by covered RRs.

2. Failure to Complete Firm Element Program

Covered RRs included in AIC's plan under the Firm Element must take all appropriate and reasonable steps to participate in the continuing education

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program as required. Non-participation will be documented in a RR's file, as will any explanation in mitigation of the failure to participate. Failure to complete the Firm Element Program within the time frame established by the Compliance Officer will result in the RR's registration being suspended with no payment of commissions until the requirements are fulfilled, and a $100 fine will be imposed. If the RR chooses not to complete the requirements, his/her securities license will be terminated. Our plan will include, on a case-by-case basis, the acceptance of a former broker-dealers firm element plan for RRs new to AIC in their first year of association.

IV. DISCRETIONARY ACCOUNTS

AIC will not accept any discretionary accounts in which a RR has been given discretion.

V. OPENING OF NEW ACCOUNTS

A Designated Principal's approval is required for the opening of every new account. An AIC New Account Form must be completed for each new AIC customer account for all products offered, including variable insurance products issued by affiliated companies. **RRs must complete the New Account Form in its entirety, prior to the account being opened. Failure to provide all necessary documentation as described below, may result in disciplinary action up to and including termination of an RR's or Supervising Principal's registration with AIC.**

A Designated Principal should not approve any account without reviewing the information on the account in order to determine that it is sufficient for approval. The Designated Principal may not approve any account or transaction executed for the Designated Principal's personal customers.

A Designated Principal should pay special attention to the initial transaction for a new customer in order to determine whether such an investment seems appropriate in light of the customer's stated information. The Designated Principal should pay particular attention to the Investment Objectives Section and the financial information concerning the new customer on the New Account Form. Once the Designated Principal has signed the new account form and reviewed the transaction(s), he/she has deemed the transactions suitable for the customer.

Brokerage Business

The original AIC 12 and new account documentation should be submitted to the AIC Home Office Brokerage Operations Department in a timely manner. Please consult the AIC Processing Handbook for instructions regarding which forms require original signature to be processed. In addition, new accounts involving checks or securities certificates must be submitted to the home office within one business day.

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Direct Business

The original AIC 12 and a copy of all new account documentation should be submitted to the AIC Home Office in a timely manner. This includes any supporting documentation for the registration, vendor forms, and check or securities if applicable.

As a broker/dealer, AIC is required to comply with the USA Patriot Act Anti-Money Laundering requirements. Those requirements are set forth in detail in **Addendum J**. Some of the more critical requirements that affect RRs on a regular basis include:

- AIC does not accept cash, travelers checks or money orders unless issued by a bank. All transactions involving cash will be rejected.
- The Required Information for AIC New Account forms (identified below) must be verified by driver's license, passport, or other government identification showing issuing authority, residence and photograph. When practical, a copy of this information should be included with the AIC New Account Form. If this is not possible, RRs should record this information and include it with the New Account Form.
- RRs must provide each new customer the AIC Notices for Anti-Money Laundering, Privacy, and investment objective definitions which are attached to AIC New Account Form.

A. Cash Account

The Principal will ascertain that the New Account Form will provide (at a minimum:)

1. Customer name
2. Customer address (P. O. Box accepted only if legal address is also provided and PO Box authorization form is attached)
3. Telephone number
4. Social security number or tax identification number and certification
5. Birthdate
6. Whether customer is also an associate of another broker/dealer; prior to opening an account of an associated person of another broker/dealer, the RR will bring it to the attention of the Compliance Department who will notify the customer's employer if AIC chooses to accept the account
7. Signature of customer(s)
8. Signature of the RR

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9. Signature of designated principal

10. Whether the account has third party discretion - This is not to be used for RR discretion, but is intended for interested third persons with decision-making powers such as a spouse, adult child, etc. Supporting documentation must be provided by RR.

11. Employment Status (including occupation)

12. For corporations, partnerships or other entities, the names of any person authorized to transact business on behalf of the entity. Supporting documentation must be provided by RR.

13. Customer financial status (net worth, excluding value of principal residence and liquid net worth)

14. Annual income

15. Customer tax status

16. Customer's initial transaction

17. Investment Experience

18. Investment objectives and risk tolerance. If more than one investment objective is indicated, then all those objectives must be given an order of priority. For Example: 1. Preservation of Capital, 2. Income

19. Whether customer has dependents

20. Proof of Customer Identification, either driver's license number or passport number

21. Source of funds used to open account

Additional information that may be required depending on the type of account:

1. Type of account - cash, margin, option, IRA

2. Account title - individual, joint, corporation, etc. - **documents supporting account registration and those authorized to transact business on its behalf must be obtained by the RR and maintained by AIC.**

3. Securities transfer notice - street, register/ship, etc.

4. Dividend or interest payment - hold, deliver, etc.

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5. Marital status

6. Home and business telephone numbers

7. Acknowledgment of delivery of prospectus information for purchase of investment company shares

B. Brokerage Margin Account

In addition to the information required to open a new account, the Designated Principal's sign-off will confirm that:

1. A disclosure statement has been provided to each margin customer.

2. The customer appears suitable for margin activity after reviewing the customer's objectives and determining adequate financial net worth.

3. A customer agreement and loan consent has been executed by the customer.

4. Customer demonstrates intent to deposit a minimum account balance of $10,000 cash or securities.

5. Principal signature appears on the margin account form.

6. **Credit, Regulation T and Extensions of Time**
Arranging Credit
The Rules governing the extension of credit by broker-dealers for the purchase of securities are contained in Regulation T, promulgated by the Federal Reserve Board. Although the primary purpose of Regulation T is to control the extension of credit, the regulation also helps to prevent customers from over-extending their financial resources via the purchase or short sale of securities.

   No RRs may participate in any scheme to evade Regulation T, even if originated by a customer. Additionally, employees must not arrange for credit for their own securities transactions on terms better than those the clearing firm can extend.

7. **Securities Which Are Unacceptable For Margin Purposes**
Under no circumstances may margin credit be extended on "'control" or "restricted" securities. Although Rule 144 is available for the sale of such securities, it does not provide the extension of credit on the same securities.

8. **Extensions**
Under Regulation T, customers trading on margin must deposit cash or marginable securities sufficient to meet the initial margin requirements applicable to a transaction within 5 full business days after the date of the

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transaction (two business days more than regular way settlement as prescribed by SEC Rule 15c3-1). Additionally, customers purchasing a security in a special cash account must make full cash payment within 5 full business days of the purchase. If these requirements *are not met,* the broker carrying a customer's cash account must liquidate the securities purchased and the broker carrying a margin account must liquidate sufficient securities to satisfy the customer's margin obligation.

In the event a customer fails to pay within the time period specified under Regulation T (Reg T), security has not been delivered; under unusual circumstances the registered representative may request an extension of time. A request for an extension does not obligate the Company or the Clearing Firm to file for an extension. Secondly, the mere request by the Clearing Firm for an extension of time does not automatically signify that such a request will be granted by the NASD or NYSE. Extensions will not be granted if the security is held long at another broker/dealer or depository, is not in good deliverable form or if the certificate is lost.

The designated principal will review reports provided by the clearing firm regarding Regulation T extensions: (i) Outstanding margin calls. (ii) Accounts in frozen status and accounts with sold out positions mid any related unsecured debits *which* may impact the firm's Net Capital,

9. **Frozen Accounts**
Reg. T specifically requires that when securities are sold prior to receipt of the purchase payment, the account shall be frozen for a period of ninety days. If a security is delivered to another broker/dealer or is sold, this constitutes a sale before being paid in full. Cancellation of a transaction other than to correct an error also constitutes a sale.

Subsequent purchases can be effected only if cash is on hand prior to execution, or if proper authorization based upon exceptional circumstances is obtained from the Compliance Department. Such circumstances will only be considered on a rare basis and may only be granted by the Compliance Department in situations where such action would not be considered a violation or circumvention of the regulation by the regulatory authorities.

10. **Freezing of Accounts**
Accounts will be frozen for a period of ninety (90) calendar days in the following circumstances:

a. A security is sold before payment for the security is made;
b. A security which has been sold is subsequently purchased to flatten out the position;
c. Any check is returned marked insufficient funds; and ,
d. Failure to pay for a trade.

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11. **Transactions in Frozen Accounts**
Transactions entered into accounts which are frozen, where the funds covering the transaction are not on hand or in the account, will be canceled the next day with any loss being charged to the registered representative. The removal of the frozen status is the responsibility of the registered representative.

a. All accounts which are frozen for ninety calendar days will have a notation to that effect printed on the confirmation.

b. At the time when the confirmation is produced by the printer, the cashier will check the account for the proper security or payment. If not in the account, a cancellation of the trade will be executed. Any loss in the account will be charged to the registered representative. Therefore, it is essential the registered representative not enter an order in a frozen account unless he is assured by the cashier that the cash (or security) has been received.

c. Any account which has been frozen three times will be permanently frozen.

12. **Margin Calls**
When a margin account does not maintain the required equity maintenance, a margin call will be generated. The clearing firm is required to send notice to the customer of the margin call. The operations personnel will provide information regarding calls to the reps to assist in obtaining payment from the clients to meet the margin calls. In the event the customer does not provide payment for such calls, the Designated Principal will decide what action to be taken such as selling the customer's securities to satisfy the call.

Customer margin accounts may be cancelled if excessive sellout or margin call difficulties occur.

C. **Brokerage Option Account**
In addition to the information required to open a new account, the Designated Options Principal's sign-off will confirm that:

1. The RR has provided the customer with a copy of the booklet "CHARACTERISTICS AND RISKS OF STANDARDIZED OPTIONS."

2. An OPTION AGREEMENT FORM has been completely prepared, signed and dated by the customer and the RR.

3. The customer appears suitable for trading in options based on the information in the new account form and the option agreement form.

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D. Self-Directed IRA

In addition to the information required to open a new account, the Designated Principal's sign-off will confirm that the IRA Adoption Agreement is completed with the following information:

1. Account Number (for direct business the account number will be assigned by the fund company)

2. Rep Number

3. Participant Information - Completed in full

4. Custodial Account - Specify what kind of account

5. **Beneficiary Designations - <u>All blanks must be completed in this section or the account cannot be opened</u>**

6. Spousal consent is only used if your primary beneficiary is someone other than your spouse and the state requires consent.

7. **Customer must Sign and Date the form**

8. **Rep must Sign the form**

E. Variable Accounts

If a customer purchases an AVLIC or ALIC variable product, or a variable product offered by another underwriter, the Designated Principal will ascertain that:

1. The appropriate variable application has been completed, signed and dated by the customer and RR.

2. The RR completed the AIC New Account Application, AIC FORM 12. The form must be signed and dated by the customer and the RR.

3. The variable product and the investment portfolios selected appear to be suitable for the customer in light of their documented investment objectives and financial background. It is important to consider the source of the funds invested, including personal savings for other sources, exchanges on existing products, monthly cash flow, etc.

   If funds are the result of a replacement, liquidation, redemption or transfer that results in tax consequences, penalties or charges to the customer, the Designated Principal must be certain the investment was made in the best interest of the client and the client was aware of the aforementioned issues. The Designated Principal should evaluate the product features and expense charges of the replaced product, as compared to the new product. Consideration should also be given to

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the available investment option and performance of the replaced product options as compared to the new product options. The RR should evaluate the product features and expense charges of the replaced product, as compared to the new product. Consideration should also be given to the available investment option and performance of the replaced product options as compared to the new product options.
An Acknowledgement of *Change of Investment Form* must be signed by the client acknowledging their understanding of the event if the client has liquidated a mutual fund or variable product to fund the purchase of a mutual fund or variable product.

For variable accounts, the Designated Principal's sign-off confirming that records are complete can be in any form deemed acceptable by Compliance.

4. **Variable Annuities in Qualified Plans** - The NASD, in Notice to Members 99-44, indicated that RRs have a responsibility to inform customers of the following:

   a. that withdrawals made prior to age 59 1/2 could subject them to a 10% IRS penalty tax.

   b. that surrender charges may apply to withdrawals made within the time period specified in the policy.

   c. that a tax-deferred accrual feature is provided through a tax-qualified plan and this annuity does not provide any additional tax-deferral benefit. In addition, that purchasing an annuity policy for use in a tax-qualified plan because of its features and/or benefits other than tax-deferral (such as the lifetime income option, available death benefit and/or maximum guarantee fees) may be beneficial to the customer.

An RR is responsible for identifying those reasons indicated above (other than tax-deferral) and any other possible reasons which make the purchase of a variable annuity in a qualified plan a suitable investment for the customer. This information must be recorded on the variable annuity application or the variable annuity disclosure form by the RR and reviewed by the Supervising Principal. Most variable annuity applications contain a section entitled Special Remarks, Special Instructions, or something similar, where the RR must record this suitability information.

5. **Variable Universal Life**
   The NASD, in Notice to Members 00-44, indicated that RRs and Supervising Principals have unique responsibilities to customers with respect to variable universal life including:

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a. making reasonable efforts to obtain comprehensive customer information much the same as identified in Section V.A. for Cash Accounts, but also including the customer's need for insurance with opportunity for market participation in a bundled product, the ability to pay premiums, liquidity needs, and new contestability periods.

b. full disclosure of all features and costs associated with each product including surrender charges, premium and cash value charges, separate account charges, underlying fund fees, subaccount investment options, free-look periods, and policy premium lapse periods. Sources of information that can be reviewed and provided to each customer include the product and fund prospectuses, product brochures provided by the issuing company, and personalized sales illustrations generated from software provided by the issuing company.

c. informing the customer that financing of a variable life policy through the use of loans or cash value withdrawals from another life policy may not be in the customer's best interest.

d. determining that the ratio of premiums to the customer's annual income does not exceed a reasonable limit. Using ten percent (10%) as an initial guideline, ratios in excess of this level should require additional written information to support the customer's ability to pay. These guidelines may vary substantially in cases which are written primarily for estate planning or business insurance purposes

An RR and Designated Principal must evaluate (as indicated in Section V.E.3.) that the variable life insurance product and investment portfolios within the product are suitable and consistent with the customers documented investment objectives, financial background, and investment experience. Particularly with respect to variable life insurance, market fluctuations may require additional premiums paid to keep the policy in force. The Designated Principal should evaluate the customer's ability to pay additional premiums in light of the customer's financial status (i.e. net worth, income, etc.).

Exception Reports for variable life insurance will include all policies for which the source of funds reported through National Securities Clearing Corp. (NSCC) is derived from another variable life policy. In such event, the Designated Principal should review the replacement/exchange information included in the Exception Report in accordance with the above guidelines.

F. Direct Mutual Fund Accounts

In addition to the information required to complete a New Account Application (AIC FORM 12), the Designated Principal will confirm that:

1. A fund application is completed, signed and dated by the customer and RR if the transaction is accomplished direct with the fund unless processed

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electronically via Fund Serv. RR must retain a copy of the trade ticket in customer file for Fund Serv trades.

2. The mutual fund investment selected appears suitable for the customer according to their documented investment objectives and other relevant information. **If funds are the result of a liquidation, redemption or transfer that results in tax consequences, penalties or charges to the customer, the Designated Principal must be certain the investment was made in the best interest of the client and the client was aware of the aforementioned issues. An Acknowledgement of Change of Product form must be signed by the client acknowledging their understanding of the event if the client has liquidated a mutual fund or variable product to fund the purchase of a mutual fund or variable product.**

   The Designated Principal's review should include the consideration of the use of Letters of Intent or Rights of Accumulation.

3. The customer has received a current prospectus prior to the initial investment.

4. Fund companies offer various categories of shares. AIC requires that a customer complete a Mutual Fund Disclosure Form before purchasing Class B shares for an investment in Class B shares of $50,000 or more and less than $100,000. For investments of $100,000 or more, a RR may not offer Class B shares. Clients will not be permitted to invest in any Class B shares, over any thirteen (13) month period, in an amount of $100,000 or greater."

G. Municipal Securities

1. In the case of municipal securities transactions, each new securities customer account must be approved by a Designated Municipal Securities Principal and be signed by the qualified securities representative prior to executing the transaction.

2. In recommending a security transaction to a customer, the Company must be reasonably certain that the recommendation is suitable for the customer based on information disclosed by the customer as to objections and financial needs.

3. Generally, the registered representative and Designated Principal should take into account the following factors when determining the suitability of a municipal investment for a customer:

   a. Only in very few circumstances should municipal investments be traded. They are generally purchased for long-term purposes. Prior to the trading of debt securities, the rep must get written

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approval to accept such orders and the reasoning for such activity must be documented.

b. The rep should explain the effect of interest rates on the price of the security, that if not held to maturity the value of the debt instrument may be more or less than purchases, the extent of the tax exempt status of the interest and that interest is paid by the buyer of the debt security. Such explanations are required for customers purchasing debt securities for the first time.

c. If the customer does not have income as an objective, the rep must be able to provide an explanation as to why a customer has invested a substantial portion of his/her portfolio in a debt investment.

d. If the customer is not investing for tax exempt income or is in a low tax category, the rep must be able to explain to his/her supervisor the reasons the customer is investing in municipal securities.

H. Municipal Fund Securities/Section 529 Plans

If a customer purchases a municipal fund security, the Designated Principal will ascertain that:

1. The appropriate municipal fund security application has been completed, signed and dated by the customer and RR.

2. The RR completed the AIC New Account Application, AIC FORM 12. The form must be signed and dated by the customer, RR, and Supervising Principal.

3. The investment portfolios selected appear to be suitable for the customer in light of their documented investment objectives and financial background.

4. The RR must be properly licensed, either Series 6 or Series 7.

5. The Designated Principal is properly licensed, either Series 51 or Series 53. Principals supervising RRs selling Municipal Fund Securities have the option of taking either exam. Principals supervising RRs selling other forms of municipal securities must take the Series 53 exam.

6. If the source of funds for the municipal fund security is a mutual fund or variable annuity product, an AIC Acknowledgement of Investment Product Change form is required.

7. The RR must complete and submit with the other required forms a Statement of Understanding (Form AIC 382).

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For 529 Plans, the Designated Principal's sign-off confirming that records are complete can be in any form deemed acceptable by Compliance.

I. Direct Participation Program (DPP)

AIC will approve the offering of any DPP subject to review by the Due Diligence Committee, on a case by case basis. The Due Diligence Committee will receive the sponsor's due diligence kit, prospectus, sales kits, disclosures, forms, and any additional marketing pieces that may be used to understand and recommend a DPP. The committee will evaluate the product, and determine if the DPP is a product AIC will offer. The committee may retain third parties to assist in performing due diligence on DPPs, such as Rose Thomas & Associates.

1. Approval process of the program will include, at a minimum, a review of the following:

a. Sponsor's Experience-number of years in business, amount of equity raised, number of completed offerings, financial strength, sponsor's reputation, appraisals and pending litigation.

b. Risk need to have an understanding of the risk involved in the offering: default, foreclosure, change in tax laws credit risk and risk of obsolescence.

c. Program's compensation structure.

d. Prior performance of offerings.

e. Investment information - minimum investment, projected benefits, estimated holding period.

f. Potential conflicts of interest with the general partner.

g. Partnership agreement.

2. Approval of Recommendation per Client

A Supervisory Principal will approve each client investment into a DPP. A review of the recommendation will include, at a minimum:

a. Suitability

i. Sponsor standards -The sponsor's suitability standard for investors. The client must be able to meet the minimum suitability guidelines as determined by income and/or net worth levels established by certain states disclosed in the prospectus.

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ii. Asset Allocation- Generally, no more than 10% of the investor's net worth should be in illiquid investments. This is a Guideline- exceptions may be permitted on a case by case basis, at the customer's request and principal's approval.

iii. Source of Funds.

iv. Experience of Investor.

v. Tax Bracket of Investor.

3. **Documentation/Disclosures**

a. The RR must submit the executed forms required by the sponsor and AIC. AIC requires a separate disclosure, *Statement of Understanding* (See AIC Operations Manual), to be completed by the customer acknowledging their understanding of the DPP and its unique investment characteristics and risks such as illiquidity, tax ramifications, and they may lose total investment dollars.

b. The RR must submit the executed DPP Concentration Worksheet.

4. **RR License**

a. RRs must have a Series 7 in order to be approved to sell DPPs.

J. **Group Variable Annuities/Qualified Pension Plans**
The Designated Principal will confirm:

1. An AIC 12 New Account Form (preferred) or Group Variable Annuity Institutional Investor form has been completed, and

2. Copy of the Group Annuity Application

3. Copy of the Board Resolution for the Company

4. Complete copy of the Qualified Pension Plan document.

5. Any other service forms required by the issuing insurance company.

K. **Institutional Accounts**

1. **Definition**
Institutional Accounts shall mean the account of:

a. a bank, savings and loan association, insurance company, or registered investment company;

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b. an investment adviser registered either with the Securities and Exchange Commission under Section 203 of the Investment Advisers Act of 1940 or with a state securities commission (or agency or office performing like functions); or

c. any other entity (whether a natural person, corporation, partnership, trust or otherwise) with total assets of at least $50 million.

2. **Documentation**

The RR must submit proper trading authorization, which includes a Board Resolution for all corporate Institutional Accounts and the Institutional New Account (AIC FORM 223).

L. TENANTS-IN-COMMON INTEREST

Section 1031 of the Internal Revenue Code allows for tax-deferred exchanges of real property for certain tenants-in-common ("TIC) interests in real property offerings. In a TIC exchange, interests in real property are exchanged for instruments that generally are securities for purposes of the federal securities laws and NASD rules. When offering TIC interests that are securities to customers, RRs must comply with all applicable NASD rules, including those addressing:

suitability;
due diligence;
splitting commissions with unregistered individuals or firms;
supervison; and
recordkeeping.

In addition, members relying on private offering exemptions from the registration requirements of the Securities Act of 1933 must ensure that their manner of offering TIC interests complies with all applicable requirements, including the prohibition on general solicitation.

RRs must receive approval from AIC to execute TIC transactions prior to doing so.

N. Customer Account Record Information

AIC is required to periodically furnish account record information to the customer. The new requirement allows the customer to review the information regarding the account AIC has on file and from which the associated person opened the account. The rule identifies four provisions that trigger the requirement that AIC must furnish to a customer a copy of information contained in an account record. These provisions include:

1. the opening of an account;

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2. the periodic updating of an account that must occur at least every 36 months;
3. the change of customer name or address; and
4. the change of customer information (i.e. investment objectives).

AIC is required to furnish each customer with the information periodically, generally within thirty (30) days of the opening of the account, change of customer name or address and the change of customer information. AIC is required to update an account at least thirty-six (36) months thereafter when certain information is changed.

VI. IMPROPER ACCOUNTS

Improper accounts include, but are not limited to, the following:

A. **Minors** - Except for Roth IRAs, Accounts are never permitted to be opened for a person who has not reached the legal age in the state in which he/she resides.

B. **Incompetent** - Persons legally declared mentally incompetent may only transact their affairs through a court appointed guardian or conservator as provided by a court order.

C. **States Where RR is Not Registered** - RRs may not transact or solicit business from a resident of any state in which the RR is not registered. ***The RR will not receive commission on the transaction.*** The RR must become licensed in that state. RR will be responsible for all licensing or registration costs plus $250 fine for improper solicitation of securities in a state where the RR is not properly licensed. When customers move to a state in which an RR is not licensed, the RR must become licensed in that state or the account will be reassigned to another RR in that state.

For Custodial Accounts, other than self directed IRAs, the RR must be licensed in both states of residence for the Custodian and the Ward.

This restriction includes the distribution of all sales literature, advertising and correspondence directed into a state.

D. **Agents or attorneys acting for a third party without the proper documentation** (including husbands acting on behalf of wives and vice versa).

E. **Fictitious or nominee accounts.**

F. **Omnibus accounts unless for a registered broker/dealer.**

G. **Improper Margin Accounts** - Opening a margin account for the following types of accounts is unacceptable:

1. Fiduciaries, unless authorization has been documented and approved by the Compliance Officer.

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2. Transfer or Gifts to Minors Accounts.

3. Any non-individual's account whose enabling document does not expressly permit purchasing or carrying securities on margin.

4. See other criteria noted under B. Margin Accounts above.

H. **Joint Accounts with Customers** - RRs may not establish joint accounts with customers including corporations or partnerships in which the RR and client are shareholders or partners.

I. **Charitable Gift Annuities**

REFERENCE: NASD RULE 3010

VII. RECEIPT OF CUSTOMER FUNDS OR SECURITIES

AIC will ensure that documentation is maintained by its RRs and Operations for the receipt and delivery of customer funds and securities and that such funds and securities are promptly transferred the same day to AIC or the appropriate clearing agent, underwriter, sponsor or escrow account.

REFERENCE SEC RULES 15c3-3, 15c2-4

VIII. TRADE REPORTING

Trading activity is captured in multiple systems, consolidated into a single data base, then sorted for various reporting and review functions as stated below in Sections IX and X.

IX. REVIEW OF TRANSACTIONS, COMMISSIONS, AND MARK-UPS

In compliance with NASD RULE 3010 and MSRB Rule G-27(c), a Designated Principal will promptly approve each transaction. Evidence of such approval will be noted on either the monthly transaction blotter or order memorandum.

A. **Cash and Margin**
Upon reviewing the transactions, a General Principal will examine:

1. Frequent purchases or sales of a lower priced security.

2. Frequent or excessive transactions.

3. Transactions for the accounts of RRs, associated persons or related accounts.

4. Rule 144 sales transactions.

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5. Large quantity short sale transactions.

6. Designated securities or Penny stock transactions - AIC does not permit the solicitation of non-listed, non-Nasdaq securities priced under $5.00 and with net tangible assets less than $2,000,000 (i.e., designated securities).

B. Options

1. Senior Registered Option Principal (SROP)

The Company will designate a SROP who is an officer of the firm that will have responsibility for supervision and compliance with option related laws and regulations. The SROP shall develop and implement a written program providing for the diligent supervision of all of its customer accounts, and all orders in such accounts, to the extent such accounts and orders relate to options contracts. The SROP shall also develop and implement specific written procedures concerning the manner of supervision of customer accounts maintaining uncovered short option positions and specifically providing for frequent supervisory review of such accounts.

2. Compliance Registered Options Principal (CROP)

The Company shall designate and specifically identify to the NASD a Compliance Registered Options Principal, CROP, who may be the SROP, who shall be responsible to review and to propose the appropriate action to secure the Company's compliance with securities laws and regulations and NASD rules in respect of its options business.

3. Options Communication with the Public

In addition to the definitions of "advertisement" and "sales literature" as noted in this Section, "educational material" will be defined as any explanatory material distributed or made generally available to customers or the public that is limited to information describing the general nature of the standardize options markets or one or more strategies.

Every option advertisement and educational material will be submitted to the NASD's Advertising Department at least ten (10) days prior to use. Prior to sending the material, the Designated Options Principal will review and approve it. A separate file will be maintained for option advertising.

The Company will also adhere to the standards enumerated in this Section including the following:

a. Special risks of option transactions and the complexities of certain types of options. Such communication will include a warning that

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options are not suitable for all investors. Presentations highlighting opportunities of options will be balanced by including the corresponding risks.

b. Advertisements will only contain a brief description of the options, and that the issuer of every option is the Options Clearing Corporation.

c. Communications will indicate the address of the Company as the location where an Options Disclosure Document can be obtained.

4. **Option Accounts**

Representatives are responsible for ensuring that customers wishing to establish Options Accounts have completed and signed the appropriate Option Account documentation. A copy of the Option Disclosure Document must also be provided to the customer prior to establishing the account. registered representatives must be aware of the Company's restrictions when establishing Option Accounts. That is, the level of option activity must be suitable for the customer and will be approved on a case by case basis.

Option accounts can only be approved by the Company's SROP/CROP or his/her designee and must show evidence of their review by initialing the appropriate documents.

a. **Documents Furnished to Client**

The following documents must be provided to the customer prior to the approval of the option account:

i. Option Clearing Corporation Disclosure Document
ii. Option Account Agreement
iii. Margin Agreement if applicable

An account will not be approved unless all documentation has been completed, and will be initialed or signed as approval of such account. The ROP approval will also appear on the option account document.

b. **Delivery of Current Disclosure Document**

No registered representative shall accept an order from a customer to purchase or write an option contract relating to an option class that is the subject of an option disclosure document, or approve the customer's account for the trading of such options, unless the Company furnishes, or has furnished, to the customer, the appropriate option disclosure document(s). In addition to a current copy of the appropriate specialty option disclosure document will be provided if necessary, if the customer's account has been

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approved for option trading in accordance with the provisions of the following sections.

Option Exercise Allocation Methodology

The Company has a responsibility to advise option clients of the method of option allocation and the exercising of option assignments. The Company will utilize its clearing firm's method of option assignment. The Company will send its option customers information supplied by the clearing firm regarding the policies and methods of option exercise allocation. This disclosure will generally be contained on the option account form. [NASD Rule 2860(b)(23)(C)].

c. **Diligence in Opening Accounts**

The Registered Options Principal (ROP) shall promptly review and initial each new account form as evidence of a review of each new option account opened. In approving a customer's account for option trading, the ROP shall exercise due diligence to ascertain the essential facts relative to the customer, his financial situation, and investment objectives. The Option Agreement Form provides for the necessary information.

The investment information recorded on the form should be completed by the registered representative in conjunction with the customer and should contain, at a minimum, the following:

i. investment objectives;
ii. employment status;
iii. annual income;
iv. net worth, exclusive of family residence;
v. liquid net worth;
vi. marital status and number of dependents;
vii. age; and
viii. investment experience and knowledge.

In addition, the customer's new account file shall contain the following:

i. sources of background and financial information;
ii. date disclosure document(s) furnished;
iii. nature and type of transactions for which account is approved;
iv. name of registered representative servicing account;
v. name of ROP approving account and date; and
vi. dates of verification of accuracy of account information.

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Background and financial information is required to be verified by sending the information to the customer for verification within fifteen (15) days after the customer's account has been approved for option trading. In addition, this information must again be sent to the customer for verification whenever the Company becomes aware of a material change in the customer's financial status.

A "negative verification" provision is included pursuant to which, if verification is sought for any material change in the client's financial situation, information sent to a customer for verification will, absent advice from the customer to the contrary, be deemed to be correct.

d. Option Agreement Form

Within fifteen (15) days after a customer's account has been approved for option trading, the Company shall obtain from the customer a signed agreement that he/she is aware of and agrees to be bound by the rules of the NASD applicable to the trading of option contracts and, if he/she desires to engage in transactions in options issued by the Options Clearing Corporation (OCC), that the customer has received a copy of the current disclosure document(s) required to be furnished under NASD Rule 2860(16)(D) that he/she is aware of and agrees to be bound by the rules of the OCC. In addition, the customer should indicate on such written agreement that he/she is aware of and agrees not to violate the position and exercise limits established pursuant to Rule 2860.

e. Option Transactions

Option transactions will be reviewed by the Senior Registered Options Principal or Compliance Registered Options Principal (SROP/CROP) or his/her designee. The options review will include, at a minimum, examining options transactions for:

i. Large purchases of "out of the money" contracts close to expiration;
ii. Large uncovered call or put positions;
iii. Unusual option strategies; and
iv. Suitability of transactions in the account.

Responsibilities of the SROP/CROP

The SROP will be responsible for the following:

Review the acceptance of all options accounts, unless this is designated to a CROP.
Ensure the development of training for registered representatives and the ROPs.

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In addition to the information required to open a cash account, prior to opening an option account, the Designated Options Principal (i.e., SROP/CROP) will ascertain that:

The Company has provided the customer with a copy of the booklet "*CHARACTERISTICS AND RISK OF STANDARDIZED OPTIONS*".;

An option agreement has been completely prepared, signed and dated by the customer and the registered representative;

The customer appears suitable for trading in options based on the information in the new account form and the option agreement prior to effecting the initial transaction;

Additional information shall be obtained, such as:

Source or sources of trading experience and financial information,
Date the disclosure documents are furnished to customer, and
Types of option trading approved.

f. Position Limits
Option position limits will be subject to the provisions of NASD Rule 2860(b)(3). The ROP will have responsibility to no less that weekly to check the Option Positions by Expiration Date which will list the open option positions. In addition, no person with accounts of the firm shall exercise for any account in which the person has an interest or for the account of any partner, officer, director or employee thereof will have exercised alone or in concert within any 5 five consecutive days a number of option contracts of a class of options in excess of the limits established by Rule 2860(b)(3). Positions which aggregate to 200 or more option contracts will be reported to the NASD identifying the person, total number of contracts on the close of business of the next business following the day on which the transaction(s) requiring the filing occurred. The Designated ROP during his/her weekly review will check to determine whether such a report is required to be filed, and if so, whether the report was filed. A record of all filings will be maintained in a readily accessible location and will have the initials of the ROP.

A Registered Options Principal will review and initial options transactions.

The Designated Principal will examine activity for:

1. Large purchase of "out of the money" contracts close to expiration.

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2. Large uncovered call or put options.

3. Unusual option strategies.

C. **Municipals**

A Registered Municipal Principal will perform regular and frequent reviews of municipal transactions to detect irregularities or to prevent abuses.

In addition to the above-listed factors to be considered, the Designated Principal will promptly supervise securities transactions either by reviewing each order ticket or reviewing the purchase and sales blotter with commission (mark-ups) noted. The Municipal Principal will monitor compliance of the firm's mark-up policies for riskless principal transactions and commission charges for agency transactions.

Municipal trading will deal in three major types of securities transactions, listed as follows:

1. *Agency* - Transactions in which the agent (broker-dealer) assumes no market risk and is compensated by a pre-arranged commissioned fee.

2. *Principal* - Transactions executed for the broker-dealer's account. In such trades, the broker-dealer is acting as a principal, buying and selling securities through its own inventory and absorbing whatever market gain or loss is made on the transaction.

3. *Riskless Principal* - Transactions in which the purchase and sale occur almost simultaneously. Exposure to market risk is limited by the brief period of actual ownership and profit resulting from the dealer-initiated mark-up, the difference between the purchase and sales price.

AIC's mark-up and commission charges will be based upon a consideration of all relevant factors including:

1. Type of security involved.

2. Availability of the security in the market.

3. Price of the security.

4. Disclosure to the customer.

5. Profit resulting from transaction.

6. Amount of money involved.

7. Final maturity date.

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In the cases of riskless principal transactions, the mark-up will be based upon contemporaneous cost. It is understood that the 5% mark-up/commission policy for equity and corporate debt, and 2%-3% range for government securities and municipal securities represents a guideline only. The supervising Principal's judgment is necessary in fulfilling his/her responsibility in determining the fairness of the mark-ups.

Reporting Transactions in Municipal Securities
Municipal Securities Rulemaking Board (MSRB) Rule G-14 requires that all inter-dealer and retail transactions be reported to NSCC. The MSRB expects broker/dealers to submit all of their trades for clearance on trade date and regulatory action may be taken against firms that fail to maintain at least a 95% success rate. A broker/dealer may use an agent to submit the required information, but primary responsibility for timely and accurate reporting lies with the broker/dealer. Each broker/dealer must obtain a broker symbol from the NASD to identify transactions for reporting purposes.

Brokers, dealers and municipal securities dealers ("dealers") must use National Securities Clearing Corporation's Real-Time Trade Matching system ("RTTM") for real-time comparison of inter-dealer trades and must use MSRB's Real-Time Transaction Reporting System ("RTRS") for real-time trade reporting.

Transactions effected with a Time of Trade during the hours of the RTRS Business Day shall be reported within 15 minutes of Time of Trade to an RTRS Portal except in the following situations:

(A) Syndicate managers, syndicate members and selling group members that effect trades in new issues on the first day of trading at the list offering price shall report such trades by the end of the day on which the trades were executed.

(B) A dealer effecting trades in short-term instruments under nine months in effective maturity, including variable rate instruments, auction rate products, and commercial paper shall report such trades by the end of the RTRS Business Day on which the trades were executed.

(C) A dealer shall report a trade within three hours of the Time of Trade if all the following conditions apply: (1) the CUSIP number and indicative data of the issue traded are not in the securities master file used by the dealer to process trades for confirmations, clearance and settlement; (2) the dealer has not traded the issue in the previous year; and (3) the dealer is not a syndicate manager or syndicate member for the issue. If fewer than three hours of the RTRS Business Day remain after the Time of Trade, the trade shall be reported no later than 15 minutes after the begtinning of the next RTRS Business Day. This provision (C) will cease to be effective one year after the beginning of the next RTRS Business Day;.

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AIC's clearing firm will report all applicable transactions on behalf of the firm.

On a monthly basis the Operations Department will access the MSRB Web Site to monitor that the clearing firm has reported all applicable trades on the firm's behalf and resolved all rejections.

D. PRIVATE PLACEMENTS

1. Agreements

The Due Diligence Review Committee will ensure that all private placement memorandums are executed and maintained in the files pursuant to SEC Rule 17a-4. In no case will these agreements be permitted to bind the firm to a participation that would cause a capital deficiency.

2. Due Diligence

The Due Diligence Review Committee will review and maintain all appropriate documents necessary to demonstrate the fulfillment of the firm's due diligence responsibilities as relates to each private placement memorandum. Such documents may include:

a. Final and Preliminary private placement memorandum
b. Blue Sky Memorandum, if applicable
c. Correspondence
d. Any Research and/or Analysis (gathered during the structuring of the deal)
e. Financial Statements and/or Filings of the Issuer
f. Free-Riding Questionnaires

3. Offerings Not Required To Be Filed (with the NASD Corporate Finance Department)

a. Exempt Securities (exempt from registration under Sections 4(1), 4(2) and 4(6) of the '33 Act. Rule 504, unless considered public in the state where offered, Rule 505 and 506 of Regulation D)
b. Securities Defined as Exempt by Section 3(a)(12) of the 1934 Exchange Act
c. Open-end Investment Companies
d. Variable Contracts
e. Municipal Securities
f. Rated Non-Convertible Debt Securities
g. Securities Registered with the SEC or Form S-3 or F-3 Offered Pursuant to Rule 415

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4. Best Efforts Underwriting

a. The Designated Principal(s) will review all best efforts underwriting private placement memorandums for securities sold by the Company. This review will encompass:

i. registration exemptions
ii. disclosures to investors
iii. compensation to underwriters
iv. contingencies of the offering
v. escrow requirements
vi. due diligence materials

b. **Sales Practices**
The Designated Principal will ensure that all sales to customers are executed in accordance with the provisions of the private placement memorandum. Sales persons will ensure that customer receive the appropriate private placement memorandum. Such provisions may include:

i. suitability profile (accredited vs. non-accredited)
ii. use of an escrow agent pursuant to SEC Rule 15c2-4
iii. meeting contingencies required by the offering through bona fide sales only (min-max/all or none)

The Designated principal will review the above noted documents and evidence his/her review by initialing that record.

c. **Contingent Offerings**
Best efforts offerings which include contingencies such as all or none, or minimum-maximum subscription amounts, require the prompt deposit of investor funds into a separate bank escrow account pursuant to SEC Rule 15c2-4. The rule allows certain broker/dealers to act as agent for investors, however, most firms must appoint a bank as escrow agent. This is determined by the amount of capital a firm is required to maintain under SEC Rule 15c3-1. Funds deposited in either type of escrow account are held until the contingency outlined in the offering document is met and then distributed to the issuer. In the event that the contingency is not met within the time frames allowed, the funds are returned directly to the investors. Sales used to meet any contingencies must be bona fide sales for investment purposes; therefore, it may be a violation of SEC Rule 10b-9 if an underwriter or its affiliates purchase securities for the purposes of meeting a contingency.

The Company will open an escrow account as required by SEC Rule 15c2-4 for contingent best efforts offerings. An independent bank escrow agent will act as trustee for the separate bank account

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pursuant to paragraph (b) of SEC Rule 15c-2-4. All checks will be made out to the escrow account and those received by the broker/dealer will be promptly transmitted, by noon of the next business day, to that escrow account. The receipt of checks will be recorded on the Company's cash receipts and delivered blotter. An escrow agreement will be in force at the time that the account is open. The Designated Principal will establish and monitor the escrow account, and will review the bank statements on a monthly basis. Initialing and dating the statements will evidence all reviews. The Designated Principal will determine when contingencies have been met pursuant to the offering memorandum and subsequently authorize the escrow account trustee to release funds to the issuer. This will be documented by memo from the principal to be maintained in the escrow account file. In cases in witch the Company is not managing the offering, it will request a letter from the issuer or managing broker/dealer confirming that the contingency was met.

Under no circumstances will the Company "force-close" a deal through the purchase of the security for its own account or that of related parties for the purpose of resale subsequent to the closing. The Company will insure compliance with the provisions of SEC Rule 10b-9 and 15c2-4, and will maintain copies of the escrow account statements for at least three (3) years.

REFERENCE - SEC Rule 15c2-4/10b-9 and NTM 98-4

d. Offerings Exempt From Registration

Section 4(2) of the Securities Act of 1933 (33' Act) exempts "...transactions by an issuer not involving any public offering." The SEC has adopted a series of rules to provide a "safe-harbor" for an exemption under this section, which provides non-exclusive provisions for obtaining the exemption.

In early 1982, the SEC adopted Regulation D (Reg D), which attempts to unite all former SEC rules pertaining to private placements, including specifically Rules 240, 242 and 146, which were rescinded. Although an attempted compliance with any rule in Regulation D does not act as an exclusive election, the issuer can also claim the availability of any other applicable exemption. Strict compliance with its provisions is required to obtain the safe-harbor of Reg D's exemption. Reg D outlines guidelines which if met, will insure compliance with the exemption. Failure to comply with the provisions of Reg D does not necessarily imply that the 4(2) exemption of the 33' Act is not available, as Section 4(2) can be construed more broadly than Reg D, but the burden of proof falls with the issuer and the broker-dealer to show that the standards of either Regulation D or Section 4(2) are met. Regulation D also

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serves as an exemption for certain transactions under Section 3(b) of the 33' Act.

Where a 4(2) exemption is claimed, a broker-dealer must be prepared to demonstrate that the exemption was available. From time to time, AIC acts as an agent in private placements of various types of securities. Information about such private placements, and coordination of such offerings, are accomplished by the Corporate Finance Department.

A Private Placement may be determined to be exempt from registration under Section 4(2) of the 33' Act (also known as the "issuers" exemption) based on such factors as:

i. The number of offerees (usually 25 or less)
ii. Number of units offered
iii. Total dollar amount of the offering
iv. Method of offering
v. Sophistication of investors

Rule 506 emphasizes purchasers of a security while Section (4)(2) emphasis offerees including those who do not invest, therefore, the method of offering is very important.

e. Company Procedures
No registered representative may sell any security in a private placement without the express approval of the Due Diligence Review Committee. Failure by any registered representative to obtain the appropriate approval is grounds for severe disciplinary action, including immediate dismissal.

E. AFFIRMATIVE DETERMINATION OF SALES TRANSACTIONS

In order to comply with Regulation SHO, AIC will review sales transactions on a daily basis. The review will focus on determining if the sales were short, short exempt or long. A Principal will review Short Sale Daily Activity Reports and Short Sale Locate Exception Reports to verify that the appropriate affirmative determination requirements were fulfilled and reconciled.

A sale should be marked 'long' if the client owns the security being sold, the client is net-long the security, and the security is in negotiable form in the client's account. A sell order may also be marked as 'long' if the position is not long in the account, but there is a reasonable expectation that the securities will be in the physical possession of AIC Operations prior to settlement date.A sale should be marked 'short sell exempt' for the sale by a client who owns the securities being sold, where the securities are not in good form to effect delivery on settlement date, but the shares will be received from the client by trade date plus 35 days (at the latest).

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A sale should be marked 'short' whenever a client is selling securities that (1) the client does not own, (2) where the client is net-short the securities, or (3) where the seller owns securities but they are not held in the account in good form to effect delivery by trade date plus 35 days.

F. Best Execution

Each week, AIC Operations will randomly select a small number of trades and review them for best execution. The price received is compared to "Time and Sales" to verify that the execution price is within the bid/ask range. This review is kept electronically by AIC Operations.

AIC has established a link from its website (www.aicinvest.com) to the firm's clearing broker/dealer's, Pershing, website. Each quarter, this website is reviewed by AIC Operations Department to be certain the site is updated.

G. Order Audit Trail System (OATS) Reporting.

AIC has retained its clearing firms to perform the necessary OATS reporting under NASD rules. The AIC Manager of Brokerage Operations is responsible for OATS reporting supervision. The AIC Manager of Brokerage Operations, or his designee, reviews the OATS website daily to ensure the firm's OATS submissions are timely, accurate and complete. The Manager, or his designee, will access the OATS website FORE Status Notification tab and verify that OATS reports have been accepted. This page will be printed out and saved on a daily basis. In the event of a rejected report, the Manager or designee will contact the clearing firm for remedy/resubmission. The Principal will select trades from OATS Audit Trail reports, selecting two or three trades daily, and verify that the reports are accurate. The Principal will clearly note the trades reviewed and electronically initial the report, which is held electronically at AIC.

H. Trade Reporting Compliance Engine (TRACE)

The Trade Reporting and Compliance Engine (TRACE) is the NASD-developed vehicle that facilitates the mandatory reporting of over-the-counter secondary market transactions in eligible fixed income securities. All broker/dealers who are NASD member firms have an obligation to report transactions in corporate bonds to TRACE. Rule 6200 of the NASD Conduct Rules sets forth the specific requirements to which AIC must adhere in reporting transactions in fixed income securities business. Currently, Rule 6230 of the TRACE Rules requires AIC to submit information to TRACE on over the counter secondary market transactions in eligible fixed income securities within 30 minutes (15 minutes beginning July 1, 2005) of the time of execution. The term "time of execution" for a transaction in a TRACE-eligible security shall be the time when the parties to the transaction agree to all of the terms of the transaction that are sufficient to calculate the dollar price of the trade.

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AIC has retained Pershing to perform the necessary TRACE Reporting under NASD rules. AIC Operations prints TRACE reports each month from the NASD Records Center. This information will be compared and reconciled with the daily TRACE report and bond trade books. If any data cannot be reconciled with these reports, an investigation with Pershing compliance will be initiated. Electronic copies are retained in AIC Operations with trade reports for the same time period.

Specifically AIC will look for:

- Appropriate disclosure in the firm's clearing agreement outlining the clearing firm's services and responsibilities with respect to TRACE eligible securities.
- When and how transactions are being reported
- Transaction information being reported
- Timeliness of execution

I. Handling of Customer Orders During Market-Wide Trading Halts

AIC is required to abide by Nasdaq security trading halts and SEC trading suspensions as soon as the halt or suspension is announced on Nasdaq News. The firm is prohibited from, directly or indirectly, effecting any transaction in any security for which a trading halt is in effect.

Customer market and limit orders may be accepted during the halt period, but the customer and the registered representative must be informed of the halt and that the order will not be executed until the halt is lifted by the NASD. Nasdaq's MarketWatch Department will continually update the status of the trading and will notify members of the exact time the trading halt will end.

J. Limit Order Policy

For clients participating in the over-the-counter (OTC) markets, the following represents the Company's policy for acceptance of OTC limit orders:

a. Comparison of Limit Orders to Clearing Firm

The limit order file will be compared back to the Company's clearing agent on a periodic basis to ensure the accuracy of open orders. Discrepancies will be noted and immediately corrected.

b. No Requirement to Accept Limit Orders

The NASD does not mandate that broker/dealers accept limit orders from customers. In addition, broker/dealers may attach terms and conditions governing the acceptance of limit orders from institutional customers (e.g., banks and mutual fund companies, or other entities with total assets of at least $50 million) on large orders (orders for at least 10,000 and at least $100,000 in value). Provided, that such terms and conditions are disclosed to the customer at the time the order is accepted.

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c. **Good Til Cancel Purge Policy**

Good Til Cancel (GTC) orders will be purged after 120 days. RRs are required to monitor all open GTC orders in accounts, and are responsible for reentering any expiring GTC orders, where appropriate.

K. Order Ticket Procedures

Preparation of Order Memorandums

An order ticket must be prepared for every order accepted from customers by AIC. Records of trade memoranda shall be maintained by AIC. On transactions placed through the clearing firm, AIC will receive an electronic copy of the confirmation for the order from the clearing firm. The RR should compare this to the ticket and any error should be brought to the attention of the Designated Principal immediately. The minimum information on each order ticket placed through the clearing firm is:

a. customer's account number;
b. whether trade is a "buy" ,"sell" or "sell short";
c. if sell, whether customer is "long " or "short";
d. whether it is a market or a limit order;
e. if sell, location of the security;
f. size of the trade;
g. security description;
h. commission amount;
i. solicited or unsolicited;
j. the time of receipt the order was received from the customer;
k. time order is called to the Trade Desk or inputted but the wire operator;
l. person receiving the order at the trade desk;
m. execution price;
n. time of execution or cancellation;
o. Whether discretion was exercised;
p. Identity of each associated person responsible for the account;
q. Identity of any other person who entered or accepted the order on behalf of the customer;
r. If applicable, a notation that a customer entered the order on an electronic system.

No change to the account number or account designation on the order ticket shall be made unless a home office principal has approved the change [3110.(d)].

AIC is not required to create an order ticket for transactions entered on a subscription basis directly from or to the issuer so long as the Company maintains a copy of the subscription agreement.

REFERENCE: NASD RULE 3010 AND MSRB RULE G-27, 17,18,19,30

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X. REVIEW OF CUSTOMER ACCOUNTS

AIC establishes parameters for obtaining automated reports from Pershing, the CAESAR System, commission reports, imaging system, and other available means. These reports are run at least monthly, and are forwarded to the Designated Principal for review and possible action. A copy of the report is sent to the Compliance Officer or his/her designee. Current Exception reports include Active Accounts; B-Shares; Breakpoints; Switch; Redemption; 1035 Exchange; and Multiple Mutual Fund Family. Parameters for additional Exception Reports may be created as the need arises.

Annually, the Compliance Department will review OSJ's, which review will include account reviews for suitability.

A Designated Principal will periodically, but not less than quarterly, review random customer accounts. AIC will also use the system generated Exception Reports or other AIC reports to select accounts for further review. A report of such review will be maintained noting which accounts have been reviewed and any problems cited. In conducting the review, the Designated Principal will examine for:

A. Suitability of Recommendation.

B. RRs sharing in customer accounts.

C. Churning.

D. Free riding by RR or associated persons.

E. Non-prompt payment of transactions.

F. Regulation T violations.

G. Excessively large positions.

H. Substantial losses.

I. Concentration of low-priced securities.

J. Excessive option trading.

K. Position limits in excess of options contract limitations.

L. Unusual or questionable transactions.

M. Breakpoint sales.

N. Switching

O. B - Share transactions.

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AIC Compliance will perform a random, quarterly Examination of AVLIC/ALIC **Variable Activities** for:

A. Suitability of Selected Portfolios

B. Frequency of Transactions or account activity

C. Proper replacement and 1035 exchange documentation and appropriateness

D. Completion of AIC 12 (New Account Forms)

E. Adherence to AIC Switch Letter Policy

F. Suitability approval by AIC Registered Principals on business submitted by AIC Registered Representatives

Variable life and annuity business will be reviewed on a quarterly basis. Ameritas Internal Audit Department will provide a list of policy numbers selected at random for review. In the event it appears there may be unacceptable trends discovered during the review of the written business, Internal Audit will provide additional cases for review until sufficient cases have been reviewed to determine if the original trends were an anomaly or if a problem exists.

REFERENCE: NASD RULE 3010, 2310 - MSRB RULE G-27

XI. PREFERRED LISTS

AIC maintains an equity and mutual fund recommended list for RRs to refer to when suggesting investments.

A. **Mutual Funds** - A mutual fund preferred list is maintained and updated by AIC's Due Diligence Department and provided to the RRs via the internet website. The list serves as a guide for RRs in selecting funds to recommend to their clients.

B. **Variable Insurance Products** - A variable insurance products approved list is updated by AIC's Due Diligence Department and provided to RRs via the internet website. New sale of variable insurance products (life and annuity) must be for those companies identified in the list.

XII. CUSTOMER COMPLAINTS

A Complaint is defined under NASD RULE 3110 as "any written statement of a customer or any person acting on behalf of a customer alleging a grievance involving the activities of those persons under the control of the member in connection with the solicitation or execution of any transaction or the disposition of securities or funds of that customer."

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AIC's Compliance Policies and Procedures Manual requires that complaints be immediately reported to a Supervising Principal. The Designated Supervising Principal must, in turn, immediately notify the Compliance Officer.

A. The Compliance Officer is responsible for the electronic filing with the NASD of certain specified events, within 10 business days of their occurrence, and will file quarterly statistical information regarding written customer complaints.

B. All written customer complaints must be fully documented. All such complaints must be promptly forwarded to the Compliance Officer for timely review and resolution.

C. Complaints pertaining to municipal securities will be initialed and reviewed by a Municipal Principal. Upon receipt of a complaint involving a municipal security transaction, an MSRB investor brochure will be delivered to the customer promptly. Such mailings will be documented in the complaint file.

D. Complaints pertaining to options will be initialed and responded to by an Options Principal.

E. A home office complaint file will be maintained for customer complaints and written responses for a period of at least six years. A separate options complaint file will be maintained for all option related complaints. A separate municipal complaint file will be maintained for all municipal related complaints.

REFERENCE: NASD RULE 3110, 3070 - MSRB RULES G-18(a)(xii), G-10

XIII. REVIEW OF CORRESPONDENCE

NASD Rule defines correspondence as any written or electronic communication prepared for delivery to a single current or prospective customer, and not for dissemination to multiple customers or the general public.

NASD Rule requires review of all incoming correspondence to ensure proper handling of customer complaints and to ensure customer funds and securities are handled in accordance with firm procedures.

Because all incoming correspondence is subject to review, associated persons are reminded that their personal correspondence should not be received at the firm. If it is, it will be subject to being opened and reviewed.

A. Incoming Correspondence -

1. **Branch Offices:** Branch offices will open and review correspondence, photocopy personal securities correspondence, and prepare an Incoming Correspondence Log of personal securities correspondence. Electronic communications pertaining to securities business from clients must be

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printed by the registered representative receiving it, and included in the incoming correspondence review, processing, and record-making process.

On a monthly basis, the branch office will forward the copies of personal securities correspondence and the Incoming Correspondence Log to the supervising registered principal for review. Personal securities correspondence does not include junk-mail, advertisements, or correspondence not relating to securities.

2. **OSJs:** In AIC OSJs, the OSJ Supervising Principal or his/her designee will be responsible for opening all incoming written correspondence. Electronic communications pertaining to securities business received from clients must be printed off by the registered representative receiving it, and a copy provided to the Supervising Principal or his/her designee for inclusion in the review, processing, and record-making procedure. All personal securities correspondence received will be recorded and photocopied, and the records retained, as required by SEC rule. The Monthly Transaction Blotter will list all checks and securities. Complaints and regulatory inquires received at the OSJ will be separately logged, copied and forwarded to the Compliance Officer. Personal securities correspondence does not include junk mail, advertisements, or correspondence not relating to securities.

B. Outgoing Correspondence

All solicitation type correspondence must be reviewed and approved by a Designated Principal **PRIOR TO USE.** EACH REPRESENTATIVE IS RESPONSIBLE for forwarding solicitation correspondence to a Designated Principal for approval. All correspondence must be submitted on the exact letterhead that will be used for the letter.

Any form letter (a solicitation letter being sent to twenty-five or more individuals in any 30 calendar-day period) involving variable life, variable annuities or mutual funds must be submitted to the NASD or the state, if required, for review.

Correspondence relating to municipal securities must be approved by a designated Municipal Principal and correspondence relating to options must be approved by an Option's Principal **PRIOR TO USE.**

Effective November, 2003, the NASD reclassified registered representatives of broker/dealers as institutional investors. As a result, this reclassification increases the required disclosures necessary for all material that is intended to be used for internal purposes only. Internal communications must now meet public use standards when discussing securities products. (Please note - all communications, including non-securities, are still subject to NASD conduct rules regarding fair and balanced information.). Current AIC policies and procedures require all advertising, sales literature and correspondence to be reviewed by a designated principal prior to use. Please follow these procedures when submitting all communications for public or internal use.

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Principal approval will be evidenced by initialing and dating. Correspondence files are retained for 3 years from the last date of use.

C. Registered Representative E-mail

Ameritas Investment Corp. provides RRs with the opportunity to correspond to clients via e-mail through a specially designed e-mail server. Contact with clients via e-mail can only be made using the username and password provided by AIC Sales Support. Registered representatives are not permitted to correspond with clients using any other e-mail server.

The Registered Representative E-mail service is to be used for all securities-related correspondence purposes, including correspondence to clients, other RRs, OSJ Supervising Principals, and the Home Office. The following are guidelines that must be followed:

1. Standardized communications to twenty-five or more customers in any 30 calendar-day period is considered sales literature and must be submitted in written form to the Compliance Department for review and approval prior to use.

2. RRs must be securities registered and insurance licensed, if applicable, in the state in which the customer resides. RR E-mail should not be used to communicate in states where the RR is not appropriately registered or licensed.

3. The pre-programmed securities disclaimer must be included on all E-mail communications.

4. If the E-mail refers to the name of a company, make sure the full and complete name (e.g. Ameritas Investment Corp., Ameritas Variable Life Insurance Company) is used.

5. The E-mail must use words and concepts that can be clearly understood. Exaggerated and promissory statements or claims should not be used (e.g. "enclosed is all of the information you will need to make a decision," "the best investment choice").

6. E-mail should contain accurate, fair, current, and complete information about the product or service discussed. Misleading or unsubstantiated statements should not be used in any communication.

7. If benefits of an investment are disclosed, the risk inherent with the investment must also be disclosed to balance the presentation in the material.

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8. RR E-mail records must be made available during office inspections. All communications using the RR E-mail service will be archived and stored at the home office location of AIC.

9. AIC prohibits RRs from communicating with customers or the general public using Instant Messaging and chat rooms. Instant Messaging, as defined by NASD, is a technology that alerts on-line users when other users are on-line and enables both users to communicate in real time.

Sanctions - AIC views its supervisory responsibilities in this area very seriously. Use of unapproved material, or approved material that has been altered in any way will result in a fine, as well as disciplinary action.

REFERENCE: NASD RULE 2210, 2220, MSRB G-21, Sec Rule 17a3(a)(20)

XIV. BUSINESS CARDS AND LETTERHEAD

All business cards and letterhead used by registered representatives of AIC must be reviewed and approved by the Compliance Department **before** they can be used with current and potential clients. In addition, the registered representative must submit to the Compliance Department a final sample of his/her business cards and letterhead.

XV. ADVERTISING AND SALES LITERATURE

Ameritas Investment Corp. has adopted the Advertising Policy and Procedure for Ameritas Life Insurance Corp., which is attached as **Addendum E**. The following is a summarization of the Policy and Procedure, together with additional requirements relating to specific types of business conducted by AIC. Refer to the full Policy and Procedure for additional information.

A. Advertising, as defined by the NASD, includes, but is not limited to, "materials published or designated for use in periodicals, radio, television, telephone or tape recording, video display, signs or billboards, motion pictures, telephone directories or other public media."

B. Sales literature, as defined by the NASD, includes, but is not limited to, "any written communication distributed or made generally available to customers or the public which communications does not meet the definition of advertising. Sales literature would include circulars, research reports, market letters, performance reports or summaries, form letters, standard forms of option worksheets, seminar text and reprints or excerpts of any other advertisements, sales literature or published articles."

C. Each item of advertising and sales literature must be approved by the Compliance Officer or his/her designee **PRIOR TO USE**. Evidence of approval would include the Designated Principal's initials, date of review/approval, where the advertisement was published and date the advertisement was used.

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D. All advertising promoting registered investment company shares (including mutual funds, variable contracts including group variable annuities, and unit investment trusts) must be reviewed by the NASD, if required, prior to use with the Compliance Department's preapproval.

E. State insurance departments may require additional pre-filings directly with the state. AIC will submit advertising as required by applicable state regulations.

F. Advertising pertaining to options will be approved, initialed and dated by the Compliance Registered Options Principal prior to first use.

G. Advertising pertaining to municipal securities will be approved, initialed and dated by a Municipal Principal prior to first use.

H. All seminar text, defined by the NASD as sales literature/advertising relating to registered investment company shares (including mutual funds, variable contracts and unit investment trust), must be pre-approved by the Compliance Officer or his/her designee as well as filed with the NASD's Advertising Department. All text submitted must, at a minimum, include a bullet point outline of the key points of the seminar. All materials distributed to the attendees of the seminar must accompany the outline. EACH REPRESENTATIVE IS RESPONSIBLE for the TIMELY submission of the seminar information to the Compliance Officer or his/her designee **PRIOR TO USE (at least two weeks prior to the event).**

I. Centralized advertising files containing advertisements will be maintained for three years after final use.

J. In accordance with the advertising requirements of the NASD, all advertising and sales literature is subject to submission to the NASD upon request.

REFERENCE: NASD RULE 2200, MSRB Rule G-21

XVI. DO-NOT-CALL, FAX, E-MAIL POLICY

The Ameritas Acacia Companies have developed corporate marketing communications policies and procedures, which as adopted by AIC will provide proper compliance with all applicable federal communications laws and regulations. These policies and procedures are contained in **Addendum L** to this manual.

REFERENCE: NASD RULE 3100, MSRB RULE G-39

XVII. MEDALLION STAMP

For those RRs that are approved for use of a Medallion stamp, any regular inspection shall include:

A. Verification that the stamp is maintained in a safe manner including under lock and key.

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B. Review of the Stamp log reflecting all occurrences of when the Stamp was used, and with proper signatures and dates for each such use.

XVIII. PROHIBITION OF PRIVATE TRANSACTIONS BY ASSOCIATED PERSONS

It will be deemed conduct inconsistent with just and equitable principals of trade for any person associated with AIC to engage in a private security transaction ("Selling Away") outside the regular course or scope of his/her association or employment with AIC, unless approved in writing.

Selling Away is defined as any securities transaction outside the regular course or scope of employment or contract agreement with AIC. This excludes personal transactions in investment company and variable annuity securities, and transactions among immediate family members for which no selling compensation is received. The definition of Private Securities Transactions can be expanded to include the solicitation or referral of customers to any product or service not offered by AIC and can also encompass the sale of investments that are not typically considered securities (securities that are exempt from registration). A partial list of such activities include: Promissory Notes, Prime Bank Notes, Viatical Settlements, Partnership Interests, Participations in Hedge Funds, International Investment Programs, Certificates of Deposit, Pay Telephone Sale/Lease-back arrangements, ATM Sale/Lease-back arrangements, Real Estate Syndicates and Offshore products or investments.

REFERENCE: NASD RULE 3040

XIX. CASH/NON-CASH COMPENSATION

NASD Rule prohibits RRs from receiving compensation in connection with the sale of securities products from anyone other than the RR's broker/dealer.

A. **Affiliates**
The Rule provides an exception, under certain conditions, which allows affiliated companies (Ameritas Life Insurance Corp., Ameritas Variable Life Insurance Company, and AmerUs Life Insurance Company) to provide cash compensation which includes employee benefits.

B. **Non-Affiliates**
AIC adheres to the NASD Rule, and of the procedures. Those procedures are:

1. Mutual fund and variable contract vendors are requested to obtain permission from the Compliance Department prior to inviting any registered representative to attend any due diligence or training meetings. The Attendance Request Form should be submitted by the vendor before an invitation is extended. This form can be obtained by the insurance or mutual fund company from the Compliance Department. Advance written approval by AIC's Compliance Department is required prior to an RR's attendance at such meetings.

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2. The Compliance Department also requests that vendors complete an Attendance Verification Form upon conclusion of the meeting, and submit it to the Compliance Department.

3. All materials used in conjunction with an event that may fall under Non-Cash Compensation rules is required to be filed with the Compliance Department. In addition, the Compliance Department will require special "conflict of interest" disclosure to appear on the materials.

C. Exception

The Rule allows for gifts not exceeding an annual amount of $100.00 per person, and an occasional meal or ticket to an entertainment event, so long as not preconditioned on achieving a sales target, and not so extensive as to raise questions of propriety. AIC's Compliance Department requires RRs to record and report such gifts or gratuities on an annual basis.

REFERENCE: NASD RULE 3060, MSRB RULE G-20

XX. INSIDER TRADING

The Insider Trading Act of 1988 requires that broker/dealers establish, maintain and enforce written policies "reasonably designed to prevent the misuse of material non-public information."

AIC forbids any officer, RR or associate from trading, either personally or on behalf of others on material non-public information or communicating material non-public information to others in violation of the law. This conduct is frequently referred to as insider trading. AIC's policy also extends to the members of the households (spouse, minor children and adults living in the same household) of officers, directors, RRs and associates who may be in the position to acquire access to insider information from the officer, director, RR or associate.

A. Policy Statement

Every officer, RR and associate of AIC must read and retain the Policies and Procedures to Prevent Misuse of Material Non-Public Information. Any questions regarding the policies and procedures should be referred to the Law Department.

B. Prevention of Insider Trading

To prevent insider trading, the Compliance Officer of AIC or his/her designees will:

1. Provide, on a regular basis, an educational program to familiarize officers, RRs and associates with AIC policies and procedures.

2. Answer questions regarding AIC's Policies and Procedures,

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3. Resolve issues of whether information received by an officer, director ,a RR or associate of AIC is material and non-public,

4. Review on a regular basis and update as necessary AIC's Policies and Procedures, and,

5. When it has been determined that an officer, RR or associate of AIC has material non-public information:

   a. Implement measures to prevent dissemination of such information, and

   b. If necessary, restrict officers and associates from trading the securities.

C. **Detection of Insider Trading**
To detect insider trading, the Compliance Officer of AIC or his/her designees will:

1. Review duplicate trade confirmations or statements for officers, directors, RRs, and associates;

2. Review trading activity of AIC's own account, and

3. Coordinate the review of such reports with other appropriate officers, directors, or designated individuals of AIC or Compliance.

4. For companies with whom AIC is affiliated with, either through ownership or by contract, AIC will examine closing price, change from previous closing price, volume, significant news releases, and excessive trading in the RR's account.

D. **Special Reports to the Board of Directors**
On an annual basis, the Compliance Officer of AIC or his/her designees, will prepare a written report to the Board of Directors of AIC setting forth the following:

1. A summary of existing procedures to detect and prevent insider trading,

2. Full details of any investigation, either internal or by a regulatory agency, of any suspected insider trading and the results of such investigation,

3. An evaluation of the current procedures relating to insider trading and any recommendations for improvement, and,

4. A description of AIC's continuing educational program regarding insider trading, including the dates of such programs since the last report to the Board of Directors.

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XXI. PERSONAL SECURITIES TRANSACTIONS

A. **Duplicate Confirmations** - All related persons are required to ensure that AIC receives duplicate confirmations on all securities transactions (involving stocks and bonds) by the related person.

Review - The Compliance Officer, or his/her designee, will be responsible for review of duplicate confirmations and exception reports no less frequently than weekly for potential hot issues and insider trading, as well as other irregularities.

B. **Trading with Insider Information** - Under no circumstances do the above procedures and exceptions waive the prohibition against trading with insider information.

C. **Definition of Related Person** - Related person means members of the household (spouse, minor children and adults living in the same household), directors, officers, RRs and associates who may be in a position to acquire access to inside information for the officer, director, RR or associate.

D. **Disciplinary Actions**
Violations of the Insider Trading Act can result in severe penalties to AIC, principals and the individuals violating the Rule. Violations (whether inadvertent or intentional) will not be tolerated by AIC and will result in disciplinary action including the possible termination of the employee.

XXII. POLITICAL CONTRIBUTIONS (Municipal Securities Regulations)

MSRB Rule G-37 prohibits dealers from engaging in municipal securities business **(excluding Section 529 municipal fund securities)** with an issuer within two years after any contribution to an official of such issuer is made by: (1) the dealer; (2) any municipal finance professional (MFP) associated with such dealer; or (3) any political action committee (PAC) controlled by the dealer or any MFP. One exception to the prohibition is for certain contributions made to issuer officials by MFPs. Contributions by such persons to officials of issuers are not prohibited if the MFP is entitled to vote for such official and provided any contributions by such MFP **do not exceed**, in total, $250 to each official, per election. As an internal policy, AIC allows MFP's a $100.00 contribution limit.

A. **Definitions**
AIC will refer to the definition of terms used within MSRB Rule G-37. The definitions are discussed in G-37(g). To maintain compliance, AIC recognizes the importance in understanding the Board's meaning for various defined terms.

B. **Newly Hired Associates**
Newly hired registered associates of AIC or associates of the Public Finance Department are required to complete a questionnaire requesting information

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regarding any political contributions made by the associate within the last two years. Any new associate contribution, not qualifying under the exception, will be reviewed on a case by case basis. If the new associate is a MFP and the political contribution falls within the prohibition defined by MSRB Rule G-37, AIC will refrain from doing municipal securities business with the issuer for two years from the date of such contributions.

C. Continued Notification of Political Contributions

The Compliance Department will remind the registered associates of AIC, no less than quarterly, through its compliance newsletter, that they cannot make any political contributions without the prior approval of the Compliance Department. The Compliance Department will solicit the approval or non-approval of the proposed contribution from the President of AIC.

D. Quarterly Political Contribution Questionnaire

On a quarterly basis, prior to the end of each calendar quarter (January 31, April 30, July 31, and October 31) AIC will distribute a political contribution questionnaire to all MFPs, executive officers and certain Series 7 representatives licensed in the states in which AIC engages in municipal securities business. The disclosed contributions will be reviewed for the prohibition established by Rule G-37 and its exception. All contributions will be monitored by the Compliance Department for potential issues created by representatives moving into a MFP status. If it is discovered that a registered representative or MFP has made a contribution without prior approval, the individual will be subject to disciplinary action, including termination.

E. Municipal Securities Representatives/MFPs

Any associates who are or become primarily engaged in municipal representative activities as defined by Rule G-37 (g)(iv) are considered MFPs. Primarily engaged for the purposes of defining MFPs will be a person whose compensation for municipal securities, excluding Section 529 municipal fund securities, business amounts to more than 33 1/3% of their gross commissions from all products sold through AIC during the quarter.

On a quarterly basis, AIC will create a list of its MFPs.

F. Dealer Controlled PAC

AIC does not control a PAC. If AIC considers establishing a PAC, the President of AIC will notify the Legal Department and the Compliance Department before development.

G. MSRB RULE G-38, Consultants

MSRB Rule G-38 addresses the use of Consultants by a dealer to obtain and retain municipal securities business through direct or indirect communication by such person with an issuer on the dealer's behalf where the communication is undertaken by such person in exchange for, or with the understanding of receiving, payment from the dealer or any other person. The Rule sets forth certain requirements and disclosures of dealers with Consultant relationships.

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AIC does not employ the services of a Consultant to obtain or retain municipal securities business. If AIC considers the services of a Consultant for such purposes, the President of AIC will notify the Legal Department and the Compliance Department prior to establishing a contract.

H. Direct or Indirect Contributions

AIC will not directly or indirectly make a contribution to an official of an issuer with which AIC has engaged in municipal securities business. An indirect contribution would include AIC using associated persons, family members of associated persons, consultants, lobbyists, attorneys, other dealer affiliates, their employees or other employees of other entities or affiliates to make contributions to issuers officials as a means to circumvent the rule.

I. Solicitation and Bundling Prohibition

AIC and any of its MFPs will not solicit the parties described above, nor any other person or entity, to make contributions to an official of an issuer with which AIC engages in municipal securities business or to coordinate (bundle) contributions. These activities would include fund raising for the official by AIC or its MFPs.

J. Quarterly Disclosure Requirements

On a quarterly basis, by the last day of the month following the end of each calendar quarter (Jan. 31, April 30, July 31, and Oct. 31), the Compliance Department will submit to the MSRB its FORM G- 37/38 filing. The submission will be made either electronically, by certified or registered mail or some other equally prompt means that provides AIC with a record of sending.

K. Public Finance Department Quarterly Report

On a quarterly basis, in conjunction with AIC's preparation of FORM G 37-38, the Compliance Administrator will solicit a report from the Public Finance Administrator which details the underwriting activity and negotiated financial advisory services contracted for the applicable quarter. The Compliance Administrator will follow the Board's instructions for FORM G-37/38 in submitting the required and applicable information.

L. Record keeping Requirements

AIC will adhere to the record maintenance and retention requirements set forth in MSRB Rule G-8 and 9.

AIC will maintain a current list of:

1. names, titles, city/county and state of residence of every MFP;
2. names, titles, city/county and state of residence of all executive officers;
3. the states in which the dealer is engaging or is seeking to engage in municipal securities business;

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4. a listing of issuers with which the dealer has engaged in municipal securities business, along with the type of municipal securities business engaged in during the current year, as well as separate listings for each of the previous two years, and

5. all contributions, direct or indirect, to officials of an issuer and payments, direct or indirect, to political parties of states and political subdivisions made by the dealer, each PAC controlled by AIC (or controlled by any MFP of AIC), for the current year, and separate listings for each of the previous two calendar years, which records shall include:

   a. the identity of the contributors

   b. the names and titles (including city/county/state or other political subdivision) of the recipients of such contributions and payments, and

   c. the amounts and dates of such contributions and payments

6. the contributions, direct or indirect, to officials of an issuer made by each MFP and executive officer for the current and previous two calendar years, which records shall include:

   a. the names, titles, city/county and state of residence of contributors

   b. the names and titles (including city/county/state or other political subdivision) of the recipients of such contributions, and

   c. the amounts and dates of such contributions.

7. the payments, direct and indirect, to political parties of states and political subdivisions made by all MFPs and executive officers for the current year and separate listing for each of the previous two calendar years, which records shall include:

   a. the names and titles, city/county and state of residence of the contributors

   b. the names and titles (including city/county/state or other political subdivision) of the recipients of such payments and

   c. the amounts and dates of such payments.

   AIC is not required to maintain a list of contributions by its MFPs or executive officers that are made: (i) to officials for whom the person is entitled to vote, provided such contributions do not exceed $250 to any official of an issuer, per election; and (ii) to political parties of a state or political subdivision in which the

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person is entitled to vote, provided such payments do not exceed $250 per party, per year. In addition, AIC is not required to maintain a list of contributions by any other representatives, employees, affiliate companies and their employees, spouses of covered representatives, employees or any other person or entity unless the contributions were direct or indirect contributions of or solicitation by persons or entities subject to the rule.

AIC will maintain copies of the FORMS G-37/G-38 submitted to the Board along with the certified or registered mail receipt or other record of sending such filing to the Board.

The required records will be maintained by AIC for a six-year period.

REFERENCE: MSRB RULES G-37/38

XXIII. MUNICIPAL SYNDICATE UNDERWRITING

A. Syndicate Agreements

At the time a syndicate is formed in which AIC is the senior syndicate manager, AIC will provide the syndicate members with a syndicate agreement. This information must be provided to the members prior to the first offer of any securities. If there is a presale period, the disclosures must be made prior to the commencement of the presale period.

The syndicate agreement will include:

1. A statement of each member's liability or par amount of participation;

2. Priority provisions and the procedure, if any, by which subsequent changes may be made to those priorities, and under what circumstances the manager may allocate securities in a manner different from those priorities;

3. Whether the senior syndicate manager or managers are permitted on a case by case basis to allocate securities in a manner other than in accordance with the priority provisions;

4. If there is to be an order period, whether orders may be confirmed prior to the end of the order period;

5. Other standard provisions;

6. Discretionary fees not shared with other members of the syndicate.

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AIC, as the senior syndicate manager, will promptly furnish, in writing, to syndicate members any changes made to the priority provisions.
For a negotiated issue, discretionary fees must be disclosed to the members prior to the execution of a purchase contract with the issuer. For competitive issues, the disclosure will be made prior to the submission of a bid.

B. Running the Books

One of the responsibilities of the lead manager is generally running the books of the sale of the new issue bonds. AIC's Municipal Bond Trader is responsible for maintaining complete and accurate records of all orders received, including each members' liability and their portion sold.

1. Allocation of Orders

Allocations of bonds will be made by the Municipal Bond Trader. Allocations not made according to the priority provisions must be justified by the trader to be made in the best interest of the syndicate.

The Municipal Bond Trader will provide to other members of the syndicate a written summary by priority category of all allocations which were accorded priority over members' take down orders. The disclosure must include the aggregate par value, maturity date and price of each maturity so allocated, including any allocation to an order confirmed at a price other than the original list price. The summary shall include allocations of securities to orders submitted through the end of the order period, or, if the syndicate does not have an order period, through the end of the first business day following the date of sale of the issue. For a negotiated issue, the disclosure must be made within two business days following the date of sale (i.e., the date on which the contract to purchase securities from the issuer is executed. For competitive sales, the disclosure must be made within one business day following the date of sale (i.e., the date on which all bids for the purchase of securities must be submitted to an issuer.)

2. New Issue Trading Records

New issue trading records will include:

a. The description of the issue and the aggregate par value of the securities;

b. The name and percentage of the participation of each member of the syndicate;

c. The syndicate agreement, which will specify the terms and conditions governing the formation and operation of the syndicate or account;

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d. All orders received for the purchase of the securities from the syndicate (including those not allotted fills and except bids at other than syndicate price);

e. The disclosure by any dealer who submits an order to the syndicate for its own account, the account of a related portfolio, municipal securities investment trust or an accumulation account established in connection with an investment trust sponsored by the dealer. The trader must ensure that the trade is confirmed to the account or for the account of rather than the dealer who placed the order;

f. All allotments of securities and the price at which they were sold;

g. The disclosure of a group order by a dealer. The documentation must include the identity of the person for whom the order is submitted; and,

h. The date of settlement with the issuer, the date of closing of the account, and a reconciliation of profits and expenses of the account.

3. **Credit Designated by a Customer**
The Municipal Bond Trader must distribute any credit designated by a customer in connection with the purchase of the securities due to a member of the syndicate or similar accounts. The credit must be distributed to the members within 30 business days following delivery of the securities to the customer.

C. **Settlement of the Syndicate Account**
AIC will provide to each syndicate member an itemized statement, generally termed the account settlement, setting forth the nature and amounts of all expenses incurred on the behalf of the syndicate as required by MSRB Rule. The account settlement will be provided at or before the final settlement of the syndicate account, which is within 60 days following the date all securities have been delivered by the syndicate manager to the syndicate members (settlement date.)

AIC will also provide the summary statement as required by MSRB Rule.

D. **Good Faith Checks**
AIC, as syndicate manager, will return any good faith checks deposit to members of a syndicate within two days of settlement with the issuer. In the event the syndicate is not successful in purchasing the issue, the good faith checks will be returned within two business days following the return of the deposit from the issuer.

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The Municipal Bond Trader will maintain records of the date and amount of any good faith deposit made to an issuer and documentation of its return to the syndicate members.

E. Record keeping for Syndicate Transactions

AIC will maintain securities transaction records for six years. The records for which the syndicate was unsuccessful in purchasing an issue of municipal securities do not need to be preserved. Records regarding non-allocated orders do not need to be maintained after the final settlement of the syndicate.

REFERENCE: MSRB Rules G-8,9,11,12

XXIV. MUNICIPAL SECURITIES CUSIPS

When acting as underwriter, AIC's Public Finance Department will obtain CUSIP numbers for each issue that meets the CUSIP eligibility standards. Applications for CUSIP number assignment will be made to the CUSIP Service Bureau. For negotiated issues, the application for CUSIPs must be made in sufficient time to ensure assignment of a CUSIP number or numbers prior to the time the contract to purchase the securities from the issuer is executed.. For competitive issues, AIC will ensure that application will be made in time to ensure assignment at the time of the first execution of a transaction in the new issue by the underwriter. If AIC acts as a financial advisor for a competitive deal, the Public Finance Administrator will ensure that the application will be made in sufficient time to permit CUSIP assignment prior to the time of award.

All new issues of municipal securities are subject to the assignment of CUSIPs except for local improvement district bonds that are callable in order of certificate number. The Public Finance Administrator will consult the CUSIP Directory for CUSIP eligibility standards for specific issues.

A. Required Application Information

When making application to the CUSIP Service Bureau, AIC's Public Finance Administrator may provide:

1. the notice of sale;
2. the preliminary official statement;
3. the legal opinion, or
4. other similar document prepared by or on behalf of the issuer, or portions of such documentation;

Documentation may be submitted in preliminary form if no final documentation is available at the time of application. Once final documentation is available, it will reflect any changes in the information required by the MSRB, and will be submitted.

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The following information must be provided to the CUSIP Service Bureau:

1. Complete name of issue and series designation, if any;

2. Interest rate(s) and maturity dates (s) (provided, however, that if the interest rate is not established at the time of application, it may be provided at such time as it becomes available);

3. Dated date;

4. Type of issue (e.g., General Obligation, Limited Tax, Revenue);

5. Type of revenue, if the issue is a revenue issue;

6. Details of all redemption provisions;

7. The name of any company or other person in addition to the issuer obligated, directly or indirectly, with respect to the debt service on all or part of the issue (and, if part of the issue, an indication of which part); and

8. Any distinction(s) in the security or source of payment of the debt service on the issue, and an indication of the part(s) of the issue to which such distinction(s) relate.

The Public Finance Administrator will forward to the CUSIP Service Bureau any final required documentation not available at the time of submission as soon as it becomes available.

B. Refunding Issues

If the proceeds of the new issue will be used, in whole or in part, to refund an outstanding issue or issues of securities in such a way that part but not all of the outstanding issue or issues previously assigned a CUSIP is to be refunded to one or more redemption date(s) and price(s) (or all of an outstanding issue is to be refunded to more than one redemption date and price):

AIC will apply in writing to the CUSIP Service Bureau for a reassignment of a CUSIP to each part of the outstanding issue refunded to a particular redemption date and price and provide to the CUSIP Service Bureau the following information on the issue(s) to be refunded:

1. The previously assigned CUSIP of each such part or issue

2. For each such CUSIP, the redemption dates and prices, to be established by the refunding; and

3. For each such redemption date and price, a designation of the portion of such part or issue (e.g., the designation of use of proceeds, series, or certificate numbers) to which such redemption date and price applies.

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* The Public Finance Administrator shall provide documentation supporting the information pursuant to the requirements of this sub paragraph.

C. Application for Depository Eligibility

AIC, as underwriter, will apply to a securities depository registered with the SEC, in accordance with the rules and procedures of the depository, to make the new issue depository-eligible. The application will be made as promptly as possible, but in no event later than one business day after award from the issuer, in the case of a competitive sale, or one business day after the execution of the contract to purchase the securities from the issuer, in the case of a negotiated sale. In the event that the full documentation and information required to establish depository eligibility is not available at the time the initial application is submitted to the depository, AIC will forward such documentation as soon as it is available. The depository requirement does not apply to:

1. An issue of municipal securities that fails to meet the criteria for depository eligibility at all depositories that accept municipal securities for deposit and

2. Any new issue maturing in 60 days or less.

D. Automated Comparison

AIC will provide the information as required by the MSRB on any new issue eligible for comparison through the automated comparison facilities of a registered clearing agency under Section (f) of Rule G-12.

1. Final interest rate and maturity information about the new issue as soon as it is available; and

2. The settlement date of the new issue as soon as it is known and will immediately inform the registered clearing agency of any changes in such settlement date.

E. Secondary Market Securities

If AIC, in connection with a sale or an offering for sale of part of a maturity of an issue of municipal securities, acquires or arranges for the acquisition of a transferable instrument applicable to such part which alters the security or source of payment of such part AIC will apply in writing to the MSRB or its designee for the assignment of a CUSIP number to designate the part of the maturity of the issue which is the subject of the instrument when traded with the instrument attached. Instruments would include:

1. insurance with respect to the payment of debt service on such portion

2. a put or tender option

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3. a letter of credit or guarantee, or

4. any other similar device

The aforementioned does not apply with respect to any part of an outstanding maturity of an issue of municipal securities with respect to which a CUSIP number that is applicable to such part when traded with an instrument which alters the security or source of payment of such part has already been assigned.

If AIC, in connection with a sale or an offering for sale of part of a maturity of an issue of municipal securities which is assigned a CUSIP number that no longer designates securities identical with respect to all features of the issue listed in the required application (See A., 1-8) AIC will apply in writing to the MSRB or its designee for a new CUSIP number or numbers to designate the part or parts of the maturity which are identical with respect to the listed features.

All of the secondary market submissions will be made promptly and will provide:

1. the previously assigned CUSIP;

2. all information on the features of the maturity of the issue listed in the required application and documentation of the features of such maturity sufficient to evidence the basis for the CUSIP number assignment; and

3. if the application is based on an instrument affecting the source of payment or security for a part of a maturity of an issue, information on the nature of the instrument, including the name of any party obligated with respect to debt service under the terms of such instrument and documentation sufficient to evidence the nature of the instrument.

F. CUSIP Affixture to the Certificate

As an underwriter, AIC will direct its Public Finance Administrator , prior to the delivery of securities to any other person, to affix or arrange to have affixed to the securities CUSIP numbers assigned to the new issue. If more than one CUSIP number is assigned, each number must be affixed to the certificates of the portion of the issue to which it relates.

In the event a syndicate account has been formed for the purchase of a new issue of municipal securities, AIC as managing underwriter will take the actions required of the underwriter under the provisions of the previous sections.

G. Distribution of Information to Syndicate and Selling Group

As underwriter, AIC will inform the syndicate and selling group member as promptly as possible, but no later than the time of the first execution of a transaction in the new issue by the underwriter of:
the CUSIP number(s) assigned to the issue and descriptive information sufficient to identify the CUSIP corresponding to each part of the issue assigned a specific CUSIP; and the initial trade date. For a negotiated issue, the time of formal award

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means the date on which the contract to purchase the securities from the issuer is executed.. For competitive issues, the time of formal award means the time the issuer announces the award.

REFERENCE: MSRB Rule G-34

XXV. DELIVERY OF OFFICIAL STATEMENTS

AIC, as underwriter, will typically provide the final official statement as prepared by or on behalf of the issuer to brokers/dealers and municipal securities dealers that purchase the new issue securities. The final OS will be printed in deliverable final form for financings exempt from 15c2-12, no later than 7 business days following signing of agreement to purchase bonds/certificates from issuer. Issues not exempt from 15c2-12, will be printed in deliverable final form for financing no later than 10 business days following signing of agreement to purchase bonds/certificates from issuer. OSs must be delivered to dealers and AIC's customers no later than settlement date of the transaction. AIC must have enough OSs to provide each purchasing dealer of the new issue, per their request, an OS and one additional OS per $100,000 par value purchased. The Fixed Income Department will provide purchasing dealers with instructions on how to order additional copies of the final OS directly from the printer.

A. Distribution of the OSs

AIC Fixed Income Assistant is responsible for the mailing of the OSs to the purchasing dealers on the date of receipt from the Issuer, and to AIC customers no later than settlement date. A copy of the mailing labels and date of the mailing will be prepared by Pershing and forwarded to be maintained in the Trading Fixed Income Department Issue file. It will be maintained no less than three years. If an issuer will prepare only a preliminary official statement and not a final, AIC Fixed Income Assistant will deliver the preliminary version along with a written notice that no final official statement is being prepared by the customers' settlement date.

B. Disclosures in Connection with Negotiated Underwritings

In a negotiated underwriting, AIC will provide the following required information about the underwriting arrangements to customers:

1. the underwriting spread,

2. the amount of any fee received as agent for the issuer in the distribution of the securities, and

3. the initial offering price for each maturity in the issue that is offered or to be offered in whole or in part, including maturities not reoffered.

REFERENCE: MSRB RULE G-32

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XXVI. DELIVERY OF DOCUMENTS AND FORMS G-36 (OS AND ARD) AND UNDERWRITING ASSESSMENT FEE

The Public Finance Administrator, when AIC acts as underwriter, will send the MSRB by trackable overnight delivery services that provide a record of sending, two copies of the final OS and two copies of the completed FORM G-36(OS), including the CUSIP(s) for each.

For issues subject to SEC Rule 15c2-12, AIC will send the documents and form(s) within one business day after receipt of the final OS from the issuer or its designated agent, but no later than 10 business days after any final agreement to purchase, offer, or sell the municipal securities. For issues not subject to SEC 15c2-12, if a final OS is prepared, the document and form must be sent within one business day of delivery of the securities by the issuer to AIC or one business day after receipt of the final OS from the issuer whichever is later.

A. Delivery Requirements for Issues not Subject to SEC Rule 15c2-12

AIC, when acting as an underwriter in a primary offering of municipal securities not subject to SEC Rule 15c2-12, will send the MSRB or its designee, by trackable overnight delivery services that provide a record of sending, within one business day of delivery of the securities by the issuer to AIC, the following documents or written information:

1. two copies of the OS in final form, if prepared by or on behalf of the issuer; and

2. if a final OS is prepared, two copies of the completed FORM G-36(OS) prescribed by the MSRB, including the CUSIP number(s) for the issue.

   AIC, when acting as an underwriter for an issue in which a final OS is prepared and if the issue advance refunds an outstanding issue of municipal securities, will send to the MSRB designee, by trackable overnight delivery services that provide a record of sending, within five business days of delivery of the securities by the issuer to AIC, the following documents and written information:

   a. two copies of the advance refunding documents if prepared by or on behalf of the issuer; and,

   b. if the advance refunding documents are prepared, two copies the completed FORM G-36(ARD) prescribed by the MSRB, including the reassigned CUSIP number(s) for the refunded issue, if any.

The foregoing requirements will not apply to a primary offering of municipal securities regardless of the size of the issue, if the issue qualifies under an exemption set forth in paragraph (1) of section (d) of SEC Rule 15c2-12.

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3. **Advanced Refunding Issues**
If the issue advance refunds an outstanding issue of municipal securities, the Public Finance Administrator will send the MSRB by trackable overnight delivery services that provide a record of sending, two copies of the advance refunding documents (i.e., the escrow agreement) if prepared by or on behalf of the issuer and two copies of the completed Form G-36 (ARD), including reassigned CUSIP number(s) or numbers for the refunded issue, if any. For all advance refunding issues, AIC must send the document and Form G-36(ARD) within five business days of delivery of the securities by the issuer to AIC. For issues not subject to SEC Rule 15c2-12, the requirement to send advance refunding documents only applies if a final OS is prepared for the issue.

C. Subsequent Submissions

1. **Amended OS**
If an OS was previously provided to the MSRB and the OS is amended or "stickered" by the issuer during the underwriting period, the Public Finance Administrator will send the MSRB or its designee within one business day after receipt of the amended OS, two copies of the amended OS along with two copies of an amended Form G-36(OS) including:

   a. the CUSIP(s) for the issue,

   b. the fact that the OS previously was sent to the MSRB and that the OS has been amended.

2. **Cancellation of Issue**
If the documents and written information was provided to the MSRB, but the issue is later canceled, AIC's Public Finance Administrator will notify the MSRB of this fact promptly in writing.

D. Submission to the MSRB
AIC will send two copies of the required documents and FORMS G-36(OS) and (ARD) by trackable overnight delivery services that provide a record of sending.

E. Quarterly Review of G-36 Filing Summary Report
On a quarterly basis a review of the G-36 Filing Summary Statistics Report will be conducted. This review will report any late filings in regards to MSRB Rule G-36. Any late items reported will be followed-up with the Public Finance Administrator and reported to the Chief Compliance Officer.

F. Limited Placements
Rule G-36 does not require delivery of documents for "limited placements" as described in SEC Rule 15c2-12(d)(1). However, MSRB still requires FORM G-36 to be filed.

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G. Underwriting Assessment Fee
The Public Finance Administrator will submit payment to the MSRB within 30 days of the sending of the invoice by the MSRB.

H. Recordkeeping of Delivery of Documents and Form G-36 (OS) & (ARD)
As underwriter of securities subject to Rule G-8(xv), AIC's Public Finance Department will maintain a record of the name, par amount and CUSIP number(s) for all primary offerings and the dates that the documents and written information referred to in Rule G-36 are received from the issuer and are sent to the MSRB. For issues subject to SEC Rule 15c2-12, the Department will maintain the date of the final agreement to purchase, offer or sell the new issue.

The Public Finance Administrator will maintain copies of all FORMS G-36 (OS) and (ARD) and copies of prompt carrier receipts sent to the MSRB and acknowledging date of arrival/receipt by the MSRB. Copies of all Rule A-13 underwriting assessment invoices and their respective payments by AIC will be maintained.

The records described above will be preserved for at least three years.

REFERENCE: MSRB RULES A-13, G-8, G-36

XXVII. FINANCIAL ADVISOR ACTIVITIES (MUNICIPAL SECURITIES BUSINESS)

AIC acts as a financial advisor in the area of municipal securities when it provides advice to or on behalf of an issuer with respect to the structure, timing, terms and other similar matters concerning a new issue or issues of municipal securities for a fee or other compensation or in expectation of such compensation for the rendering of such services. Each advisory relationship will be evidenced in writing. The writing must be entered into prior to, upon, or promptly after the inception of the financial advisory relationship (or promptly after the creation or selection of the issuer if the issuer does not exist or has not been determined at the time the relationship commences).

AIC's written agreement will state the basis of compensation for the financial advisory services to be rendered, including provisions relating to the deposit of funds with or the utilization of fiduciary or agency services offered by the dealer or by a person controlling, controlled by, or under common control with the dealer in connection with the rendering of the financial advisory services.

A. Negotiated Underwritings
If AIC, when acting as a financial advisor, intends to underwrite a negotiated issue, or act as agent for the issuer in arranging the placement of the issue, it will:

1. terminate the financial advisory relationship, in writing, and obtain the issuer's express consent to the dealer's participation in the underwriting or private placement;

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2. disclose in writing to the issuer at or before such termination that there may be a conflict of interest in changing from the capacity of financial advisor to underwriter or placement agent and obtain the issuer's acknowledgment of receipt of such written disclosure; and

3. disclose to the issuer at or before such termination the source and anticipated amount of all remuneration to the dealer with respect to the issue in addition to compensation already received as the financial advisor and obtain the issuer's written acknowledgment of receipt of such written disclosure.

B. Competitive Issues

AIC will obtain the issuer's express consent in writing to act as underwriter on a competitive issue for which it acted as a financial advisor. The issuer's consent will be obtained prior to the bid.

C. Official Statements

AIC, when acting as financial advisor, will make the final official statement available to the managing underwriter or sole underwriter promptly after the award is made. If AIC is responsible for the printing of the official statement, adequate copies will be available to the managing or sole underwriter. Copies will be available promptly after the award is made but no later than two business days before the date all securities are delivered by the syndicate manager to the syndicate members.

D. Customer Disclosure

AIC will disclose the existence of the financial advisory relationship in an issue on which AIC acts as underwriter or placement agent to each customer who purchases the new issue securities. The disclosure, made within the official statement, must be received by the customer at or before completion of the transaction.

E. Disclosure of Corporate Affiliation

AIC will disclose in writing to the issuer any corporate affiliation with the issue's non-dealer financial advisor. AIC will obtain a written acknowledgment of receipt by the issuer of this disclosure prior to the purchase or placement of the new issue.

F. State and Local Laws

AIC will ensure compliance of state or local laws regarding financial advisory activities. MSRB Rule G-23 does not supersede any more restrictive provisions of state or local law.

G. Record Keeping

The AIC Public Finance Administrator will maintain the disclosures, acknowledgments and consents required by Rule G-23 in a separate file for a minimum of three years.

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REFERENCE: MSRB RULE G-23

XXVIII. REVIEW OF BROKER DEALER FINANCIALS - BOOKS AND RECORDS

A. **Books and Records** - The Designated Principals specified in the attached Schedule of Designated Responsibilities will ascertain that AIC will maintain at a minimum the following books and records for the period of time prescribed by SEC Rule 17a-4:

1. Purchases and Sale of Securities Blotter. 17a-4(a), 17a-3(a)(1)

2. Receipts and Deliveries Blotter. 17a-4(a), 17a-3(a)(1)

3. Blotters for the receipts and disbursement of cash and all other debits and credits. 17a-4(a), 17a-3(a)(1)

4. General ledger reflecting all assets and liabilities, income and expense and capital accounts. 17a-4(a), 17a-4(b)(1), 17a-3(a)(2), 17a-3(a)(4)(i)-(vii)

5. Ledger accounts for each customer account. 17a-4(a), 17a-3(a)(3)

6. Securities Position Record. 17a-4(a), 17a-3(5)

7. Order Memorandums. 17a-4(b)(1), 17a-3(6), (7)

8. All check books, bank statements, cancelled checks and cash reconciliations. 17a-4(b)(2)

9. All bills receivable or payable (or copies thereof), paid or unpaid. 17a-4(b)(3)

10. All trial balances, computations of aggregate indebtedness and net capital, and financial statements. 17a-4(b)(5)

11. All information in support of amount included in the report prepared as of the audit date on Form X-17A-5. 17a-4(b)(8)

REFERENCE: SEC RULES 17a-4

12. Net Capital - AIC will maintain the minimum net capital requirement based upon the activity of the firm, in accordance with SEC Rule 15c3-1. The Designated Principals understand that the minimum net capital must be maintained on a daily basis and adequate excess net capital should be available as a safety margin. AIC will formally compute net capital on a monthly basis unless proximity to the minimum net capital requirement indicates otherwise.

REFERENCE: SEC RULE 15c3-1

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13. The NASD is to be notified of net capital violations, proximity to the minimum net capital and other financial related events.

a. Should AIC's computed net capital decline below the minimum amount required pursuant to Sec. 240.15c3-1, AIC shall give or transmit notice of such deficiency that same day to the principal office of the Commission in Washington, D.C. and the regional office of the Commission via either telegraphic notice or facsimile transmission. The notice shall specify AIC's net capital requirement and its current amount of net capital. 17a-11(b)(1)

b. If AIC is informed by its designated examining authority or the Commission that it is, or has been, in violation of Sec. 240.15c3-1 and AIC has not given notice of the capital deficiency, AIC, even if it does not agree that it is, or has been, in violation of Sec. 240.15c3-1, shall give notice of the claimed deficiency that same day to the principal office of the Commission in Washington, D.C. and the regional office of the Commission via either telegraphic notice or facsimile transmission. The notice shall specify AIC's net capital requirement and its current amount of net capital. This notice may also specify AIC's reasons for its disagreement. 17a-11(b)(1)

c. If AIC computes its aggregate indebtedness is in excess of 1,200 percent of its net capital in accordance with Sec. 240 15c3-1, AIC will send notice promptly (within 24 hours) to the principal office of the Commission in Washington, D.C. and the regional office of the Commission via either telegraphic notice or facsimile transmission. 17a-11(c)(1)

d. If AIC computes that its total net capital is less than 120 percent of the broker's or dealer's required minimum net capital in accordance with Sec. 24015c3-1, AIC will send notice promptly (within 24 hours) to the principal office of the Commission in Washington, D.C. and the regional office of the Commission via either telegraphic notice or facsimile transmission. 17a11(c)(3)

e. If AIC discovers that it has failed to make and keep current the books and records required by Sec. 240.17a-3, AIC will give notice of this fact that same day specifying the books and records which have not been made or which are not current. This notice will be made to the principal office of the Commission in Washington, D.C. and the regional office of the Commission via either telegraphic notice, facsimile transmission or overnight delivery. Within 48 hours of submitting notice of the failure, AIC will transmit a notice stating what has been done or is being done

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to correct the failure in the same manner as it is permitted to give notice of the failure. 17a-11(d)

f. If AIC is notified by an independent public accountant, pursuant to Sec. 240.17a-5(h)(2) or Sec. 240.17a-12(f)(2) of the existence of any material inadequacy as defined in Sec. 240.17a-5(g) or Sec. 240.17a-12(e)(2), AIC shall give notice of the material inadequacy within 24 hours of such discovery or notification to the principal office of the Commission in Washington, D.C. and the regional office of the Commission via either telegraphic notice, facsimile transmission or overnight delivery. Within 48 hours of submitting notice of the existence of any material inadequacy, AIC will transmit a notice stating what has been done or is being done to correct the situation in the same manner as it is permitted to give notice of the material inadequacy. 17a-11(e)(1), (2)

g. AIC maintains an investments inventory composed of bonds and municipal warrants. Ceilings have been established that limit the amount of inventory that AIC should hold. The current ceiling is two million dollars ($2,000,000) for bonds and two million dollars ($2,000,000) for municipal warrants. Inventory is checked on a daily basis by AIC's Accountant-Financial Reporting to verify that the ending daily balances did not exceed either of the ceilings.

If neither ceiling is exceeded, no further steps are taken. If either of the ceilings is exceeded, a memo is sent to AIC's President, Financial and Operations Principal (FINOP), Vice President of Operations, Vice President-Fixed Income Trading, and Vice President-Compliance and to AmeritasAcacia's Chief Financial Officer. The memo will indicate the current inventory balance and by how much the inventory balance exceeds either ceiling. The memo will direct the Vice President-Fixed Income Trading to notify AIC's FINOP as soon as possible as to what actions will be taken to reduce AIC's inventory balance.

Annual Audit Reports and Other Financial Reporting

14. AIC shall electronically file Part IIA of Form X-17A-5 within 17 business days after the end of each calendar month. The report will be filed with the Commission's principal office in Washington, DC, and the regional office of the Commission. 17a-5(a)(2)(iv), (a)(3)

15. AIC shall file annually, on a calendar or fiscal year basis, a report which shall be audited by an independent public accountant (Audited Financial Statements) not more than sixty (60) days after the date of the financial statements. Original Audited Financial Statements will be filed at the Commission's principal office in Washington, DC, the regional office of the Commission and with the NASD national office. Copies of the

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Audited Financial Statements will be filed with the regional NASD office and with various States as required. 17a-5(d)(1)(i), (d)(5), (d)(6)

16. The Audited Financial Statements will include a Statement of Financial Condition, a Statement of Operations, a Statement of Changes in Stockholder's Equity and a Statement of Cash Flows. These statements shall be in a format which is consistent with such statements as contained in Part IIA of Form X-17A-5 as filed by AIC on a monthly basis. 17a-5(d)(2)

17. AIC will include a Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934 (Supplemental Computation of Net Capital) and a Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934 as supplemental schedules to the Audited Financial Statements. 17a-5(d)(3)

18. If material differences exist between the Supplemental Computation of Net Capital and the unaudited Form X-17A-5, AIC will include a reconciliation with explanations of the differences within the Supplemental Computation of Net Capital. 17a-5(d)(4)

19. AIC will attach to the Audited Financial Statements an oath or affirmation that, to the best knowledge and belief of the person making such oath or affirmation, (1) the financial statements and schedules are true and correct and (ii) neither AIC nor any partner, officer, or director, as the case may be has any proprietary interest in any account classified solely as that of a customer. The oath or affirmation shall be made before a person duly authorized to administer such oaths or affirmations. The oath or affirmation shall be made by AIC's Financial and Operations Principal or by another duly authorized officer. 17a-5(e)(2)

20. AIC acknowledges that the filed Audited Financial Statements shall be public, except that, if the Statement of Financial Condition in a format which is consistent with Form X-17A-5 is bound separately from the balance of the Audited Financial Statements, the balance of the Audited Financial Statements shall be deemed confidential, except that they shall be available for official use by any official or employee of the United States or any State, by national securities exchanges and registered national securities associations of which AIC is a member and by any other person to whom the Commission authorizes disclosure of such information as being in the public interest. 17a-5(e)(3)

21. AIC will engage an independent accountant in accordance with the provisions of Sec. 210.2-07(b), (c) to conduct the audit of its Audited Financial Statements. AIC will engage an accountant who is registered and in good standing as such under the laws of the United States of America and the State of Nebraska. 17a-5(e)(3), (f)(1), (f)(3)

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22. AIC will file, no later than December 10 of each year, a statement with the Commission's principal office in Washington, DC, the regional office of the Commission, and the principal office of AIC's designated examining authority. Such statement shall indicate the existence of an agreement dated no later than December 1, with an independent public accountant covering a contractual commitment to conduct AIC's annual audit during the following calendar year. The agreement may be of a continuing nature, providing for successive yearly audits, in which case no further filing is required. If the agreement is for a single audit, or if the continuing agreement previously filed has been terminated or amended, a new statement must be filed by the required date. 17a-5(f)(2)(i), (f)(2)(ii)

23. AIC shall file a notice which must be received by the Commission's principal office in Washington, DC, the regional office of the Commission, and the principal office of AIC's designated examining authority, not more than 15 business days after AIC notifies the accountant whose opinion covered the most recent financial statements filed by AIC that his services will not be utilized in future engagements, or if AIC notifies an accountant who was engaged to give an opinion covering the financial statements to be filed by AIC that the engagement has been terminated, or if an accountant has notified the broker or dealer that he would not continue under an engagement to give an opinion covering the financial statements to be filed by AIC; or if a new accountant has been engaged to give an opinion covering the financial statements to be filed by AIC without any notice of termination having been given to or by the previously engaged accountant. 17a5(f)(4)(i), (f)(4)(ii), (f)(4)(iii)

Such notice shall state (A) the date of notification of the termination of the engagement or engagement of the new accountant as applicable and (B) the details of any problems existing during the 24 months (or the period of the engagement, if less) preceding such termination or new engagement relating to any matter of accounting principles or practices, financial statement disclosure, auditing scope or procedure, or compliance with applicable rules of the Commission, which problems, if not resolved to the satisfaction of the former accountant, would have caused him to make reference to them in connection with his report on the subject matter of the problems. The problems required to be reported in response to the preceding sentence include both those resolved to the former accountant's satisfaction and those not resolved to the former accountant's satisfaction. The notice shall also state whether the accountant's report on the financial statements for any of the past two years contained an adverse opinion or a disclaimer of opinion or was qualified as to uncertainties, audit scope, of accounting principles, and describe the nature of each such adverse opinion, disclaimer of opinion, or qualification. AIC shall also request the former accountant to furnish AIC with a letter addressed to the Commission stating whether he agrees with the statements contained in AIC's notice and, if not, stating the respects in which he does not agree.

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AIC shall file three copies of the notice and the accountant's letter, one copy of which shall be manually signed by the FINOP or a duly authorized corporate officer, as appropriate, and by the accountant, respectively. 17a5(f)(4)(iv)

REFERENCE: SEC RULE 17a- 3 (11) - Annual Audit Reports and Other Financial Reporting
REFERENCE: SEC RULE 17a-5

B. **Municipal Books and Records** - The Designated Principals specified in the attached Schedule of Designated Responsibilities will ascertain that the following additional municipal activities books and records relating to the following items will be maintained as required by MSRB Rules G-8 and G-9:

1. Syndicate Settlements, Expense and Summary Statements. G-8 (viii), G-9 (h)

2. Syndicate Transactions. G-8 (viii), G-9 (h)

3. Customer Complaint Records. G-9 (v)

4. Supervisory Designations, Recordkeeping Designation. G-8 (xiv)

5. Political Contributions and Prohibitions: Delivery of Form G-37, G-8 (xvi)

6. Gifts and Gratuities. G-8 (xvii)

7. Consultant Arrangements.

8. Deliveries of Official Statements. G-8 (xviii), G-8 (xv), and G-36

9. All written communications, received and sent including interoffice memos regarding conduct of AIC municipal activities

10. Agency transactions. G-8 (vi)

11. Principal transactions. G-8 (vii)

12. Control Relationships. G-37, G-38

REFERENCE: MSRB RULE G-22

13. Advertising

REFERENCE: MSRB RULE G-21

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14. Delivery of Form G-36

REFERENCE: MSRB RULE G- 36

15. Payments of MSRB registrations and assessments

REFERENCE: MSRB A RULES

XXIX. REQUIRED OSJ BOOKS AND RECORDS

The following books and records are required to be kept at the Office of Supervisory Jurisdiction (OSJ):

(See ADDENDUM G for more detailed guidelines on Items 1-8.)

1. Monthly Transaction Blotter
2. Individual Client Files
3. Approved Correspondence File
4. Incoming Correspondence File
5. Office Complaint File
6.. Advertising File
7.. Do-Not-Call File
8. Letterhead/Business Card File
9. Branch Office Inspection File (If Applicable)
10. Exception Report File (See ADDENDUM H for more detailed guidelines.)
8. Non-Registered Personnel File

XXX. OTHER RULES AND REGULATIONS

A. **FIDELITY BOND** - AIC will maintain a fidelity bond with minimum coverage in excess of 120% of its required minimum net capital over the past year (subject to a minimum coverage of $25,000) and will ascertain that the policy contains provisions that the underwriter will notify the NASD in the event of termination, cancellation, or substantial modification of the policy.

REFERENCE: NASD RULE 3020

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B. **REPORTING OF CURRENCY AND FOREIGN TRANSACTIONS** - It will be the policy of AIC **not to accept cash under any circumstances.** Customers should be advised to deposit the cash, traveler's checks or non-bank money orders into a transaction account or obtain a cashier's check or money order from a bank for the purchase amount of the securities.

REFERENCE: SEC RULE 17a-8

C. **FINGERPRINTS** - It is the responsibility of a Designated Principal to ascertain that copies of fingerprints are submitted for all registered personnel and all associated persons having access to customer funds or securities, or the firm's books and records. **Only properly authorized personnel are permitted to take fingerprints, as indicated on the fingerprint card.** Copies of the fingerprints submitted will be maintained in the personnel file for each associated person.

REFERENCE: SEC RULE 17f-2

D. **LOST AND STOLEN SECURITIES PROGRAM** - A Designated Principal will ascertain that AIC is properly registered with the Securities Information Center as an Indirect Inquirer and will properly report all lost and stolen securities within the required time frames.

REFERENCE: SEC RULE 17f-1

E. **INITIAL PUBLIC OFFERINGS** - NASD members have an obligation to make a bona fide public distribution at the public offering price of securities of a public offering, regardless of whether such securities are acquired by a member as an underwriter, as a selling group member, or from a member participating in the distribution as an underwriter or a selling group member, or otherwise.

RRs are required to have each customer complete an IPO Questionnaire and submit it to AIC Compliance for review and approval prior to the time of the offering.

REFERENCE: NASD IM2790

F. **FORM B/D AND UPDATES** - A Designated Principal will be responsible for reviewing the Form B/D at least quarterly to ensure that any changes or amendments to the form have been indicated and properly submitted to the SEC, NASD and State or States of registration.

G. **ANNUAL COMPLIANCE MEETING** - AIC or its designees will provide at least annually a compliance meeting to discuss and review relevant compliance issues.

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H. **ANNUAL COMPLIANCE AUDIT** - AIC will, at least once a year, conduct an examination of its business activities to ensure that it is in compliance with all regulatory requirements and firm policy.

I. **ASSIGNMENT OF RRs** - Each RR will be assigned to a Registered Principal who is responsible for supervising that Representative's activities.

J. **PERSONNEL** - AIC will keep current a list of all personnel, indicating their registration (if any), status, title and job function.

K. **REVIEW OF SUPERVISORY PROCEDURES** - A Designated Principal will be responsible for reviewing the written supervisory procedures, at a minimum, on an annual basis.

L. **PRIVACY/CONFIDENTIALITY** - RRs will maintain all client information on a confidential basis and comply with AIC's Privacy Statement in all dealings with customers. RR must also provide each customer at the time of opening a new account a copy of AIC's Privacy Statement. AIC's Privacy Statement is included in this manual as **Addendum F**.

1. **Notice Requirements**
In addition to the initial notice provided by the RR at the time the customer relationship is established, AIC will provide its customers with an annual notice that accurately reflects its privacy policies and practices at least once in any period of 12 consecutive months during which the customer relationship exists.

2. **General Standards**
The protection of customer information by a broker/dealer or registered adviser involves three fundamental propositions:

   a. Every broker/dealer and registered adviser has an affirmative obligation to protect the confidentiality of consumer information and must adopt policies and practices to meet that obligation;

   b. Every consumer is entitled to a notice from their broker/dealer or registered adviser regarding:

      i. the kinds of consumer information a broker/dealer, fund or registered adviser collects,

      ii. the nonaffiliated third parties to whom that information may be disclosed, and

      iii. the policies and procedures that have been adopted to protect consumer information collected by a broker/dealer, fund or registered adviser;

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c. Every consumer has the right to direct their broker/dealer or registered adviser that personal financial information not be shared with nonaffiliated third parties, subject to certain specific exceptions relating to joint marketing programs, outsourcing to service providers and legal and regulatory disclosure.

3. **Safeguarding Information**
AIC will establish appropriate standards relating to administrative, technical and physical safeguards for customer records and information and adopt procedures reasonable designed to:

a. ensure the security and confidentiality of customer records and information;

b. protect against any anticipated threats or hazards to the security or integrity of customer records and information; and

c. protect against unauthorized access to or use of customer records or information that could result in substantial harm or inconvenience to any customer.

4. **Destruction of Records**
AIC will destroy all records in such manner so as to:

a. ensure the security and confidentiality of customer records;

b. comply with Regulaton S-P, including destruction of consumer reports;

c. comply with the Ameritas/Acacia document retention and destruction policies.

M. Parking/Minimum Production Requirements

RRs are prohibited from parking their license with AIC. AIC may establish minimum production requirements. This minimum requirement may be changed at any time. Some consideration may be given for non-securities commissions from the sale of affiliated insurance company products.

N. Market Timing Activities

Market timing is defined as the short term buying and selling of mutual fund shares in order to exploit inefficiencies in the pricing of those shares.

Since the net asset value (NAV) of a mutual fund is determined at 4:00 EST, it creates the opportunity for market timers to trade based on market information

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that is not reflected in the day's closing price. Market timers trade in mutual funds on a short-term basis, capitalize on short-term gains and then sell. This process is disruptive to the accounts of long-term shareholders as it can decrease the value of their shares through increasing transaction costs and the necessity of the fund to keep higher liquid assets in order to meet the requirements of the redemptions.

In a variable annuity or life policy, the cash value is invested in sub-accounts which can be investments in mutual funds that are separate from the issuing insurance company. These sub-accounts usually allow for a limited number of transfers between investment options. As with mutual funds, excessive transfers or market timing within variable policies can dilute share value and increase transaction costs of these policies.

Generally, excessive trading and market timing are prohibited activities for RRs, except in those instances where the fund is managed or the variable product is designed to facilitate frequent trading. The Ameritas Life Insurance Corp. offers variable annuities or life policies with subaccounts that invest in funds from Rydex and ProFunds, which permit frequent trading

O. Business Continuity Plan

AIC has a Business Continuity Plan identifying procedures relating to an emergency or significant business disruption. Such procedures are reasonably designed to enable AIC to meet its existing obligations to its customers.

XXXI. POLICIES REGARDING RR AND ASSOCIATE ACTIVITIES

AIC Supervisory Principals will educate their assigned RRs and enforce the following non-inclusive list of policies, procedures and regulatory requirements:

1. It is the policy of AIC **NOT TO PERMIT DUAL REGISTRATIONS** of securities licenses, unless pursuant to AIC President approval.

2. RRs will not solicit or effect transactions for customers residing in states in which the RR is not registered or properly licensed or appointed.

3. Registered personnel will not respond to any requests for information to regulatory authorities until a copy of any response has been provided to AIC, or AIC otherwise agrees to the Associate proceeding with a response, unless otherwise required to do so by law. RRs must notify a Designated Principal of AIC immediately should they become involved in any judicial or regulatory investigation, inquiry, or request for information.

4. Upon association with AIC, the Registered Personnel and associated personnel will advise the Compliance Department of his/her personal securities accounts or securities accounts of his/her immediate family

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defined as spouse, children or any relative living in the house. It is required that duplicate statements be sent to AIC. Prior to opening an account for an associated person of another Broker/Dealer, the RR will bring it to the attention of the Compliance Department, who will notify the customer's employer if AIC chooses to accept the account.

5. RRs will not be allowed to participate in new issue equity underwritings unless an exemption applies.

6. RRs are prohibited from trading for their own account any security upon which they have "non-public" information.

7. RRs must attempt to learn all essential facts about a customer prior to solicitation in order to ascertain that he/she is, in fact, suitable for any transaction.

8. RRs will not make false or misleading statements, or fail to state material facts in connection with a securities transaction.

9. RRs orders will not take priority over customer orders.

10. RRs must not use rumors as a basis for making a recommendation to a client.

11. Under no circumstances may a RR guarantee against loss or profits for any securities transaction.

12. Under no circumstances may a RR offer to rebate a client for trades effected or directly reimburse a customer for an error. All errors must be paid directly from AIC.

13. RRs are prohibited from churning a client's account.

14. RRs are prohibited from sharing, directly or indirectly, in the profits of any customer account or sharing any losses sustained in any customer account.

15. AIC prohibits the recommendation to purchase mutual funds by implying it would be advantageous to the customer to purchase such security before an ex-dividend date.

16. RRs may not assist customers by arranging credit or making loans to customers for securities transactions other than on those terms offered by Pershing for margin accounts.

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17. RRs are prohibited from lending to or borrowing monies or securities from customers, except for immediate family members.

18. RRs will not accept any order from a third party without prior written authorization signed by the customer.

19. RRs may not act in the capacity of trustee, executor, administrator, conservator or guardian without approval of the Compliance Officer. Such approval may be conditioned upon including specific language in the will, court order, trust or amendment.

20. RRs may not enter into any special or private arrangements or agreements, written or oral, with any client or third party regarding the handling of an account without prior approval of the Compliance Officer. RRs cannot testify as expert witnesses without prior approval of the Compliance Officer.

21. RRs will not render tax or legal advice to customers while operating as an AIC RR, but must refer them to their accountant or attorney. If the RR is an attorney or accountant, the RR must obtain from the client a signed disclosure document as required by AIC. (See AIC Compliance Policies and Procedures Manual

22. RRs are required to maintain proper books and records as directed by AIC and its regulators.

23. RRs are responsible for forwarding solicitation correspondence to the Compliance Officer or his/her designee for approval PRIOR TO USE.

24. RRs are responsible for forwarding all non pre-approved advertising and sales literature to a Designated Principal at the home office for approval PRIOR TO USE. This includes magazine reprints, yellow page ads, etc.

25. Associates may not express or imply that they are acting in the capacity of an AIC RR while engaged in any outside activity. Only outside business activities that have been disclosed in writing to the Compliance Officer or his/her designee and not objected to in writing by the Compliance Officer or his/her designee are permitted. Associates may not use AIC's stationery, services or facilities for charitable or civic purposes without AIC's approval. RRs are prohibited from directing commissions to be paid in lieu of making a donation.

26. RRs are required to maintain a Monthly Transaction Blotter on a daily basis recording all securities transactions including variable life and variable annuity policies. Each month the blotter must be forwarded to a

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Designated Principal for review by the 15th of the following month. Failure to do so will result in disciplinary action.

27. RRs are required to complete AIC's Outside Business Activity Questionnaire on an annual basis.

28. No RR shall, directly or indirectly, give or permit to be given anything of value, including gratuities, in excess of one hundred dollars ($100) per individual per year to any person, principal, proprietor, associate, agent or representative of another broker dealer when payment is for business purposes. A gift of any kind is considered a gratuity.

29. RRs who are Municipal Finance Professionals and certain Series 7 individuals as determined by Compliance will be required to report to AIC any political contributions on a quarterly basis.

30. RRs are required to participate in any **Firm Element** training or educational programs offered by AIC Compliance to promote the ongoing continuing education of AIC representatives. RRs must participate in the **Regulatory Element** within the set applicable time frame.

31. RRs may participate as a member of an investment club. RRs must obtain Compliance approval and complete the Investment Club Account Agreement prior to becoming an officer or the RR on the account placing orders.

32. RRs agree to abide by all SEC, NASD, MSRB and State rules and regulations pertaining to solicitation or execution of securities transactions.

33. Switch letters are required for all liquidations of mutual funds or variable products when proceeds are invested into a mutual fund or variable product.

34. RRs must educate customers of the potential benefits of Rights of Accumulation, Letter of Intent and Breakpoint privileges. Selection of sales charge features must be made in the best interest of the client.

XXXII. SCHEDULE OF DESIGNATED RESPONSIBILITIES

The attached "Schedule of Designated Responsibilities" defines each Principal's specific duties and responsibilities as they pertain to the Supervisory Procedures. The schedule will include titles, registration status and locations of supervisory personnel and the responsibilities of each supervisor. This schedule will be updated to reflect any change of supervisory responsibilities.

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ADDENDUM A

SCHEDULE OF DESIGNATED RESPONSIBILITIES

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ACC001509
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NAME: Salene Hitchcock-Gear

DATE OF DESIGNATION: 04/95

LICENSE: NASD Series 7, 24,61

TITLE: President and Chief Executive Officer

BUSINESS ADDRESS: 5900 O Street, 1st Floor
P.O. Box 5507
Lincoln, NE 68505-0507
and
7315 Wisconsin Ave.
Bethesda, MD 20814

RESPONSIBILITIES:

Overall Responsibility for Broker Dealer Securities Business and Activities of its Associates

ACC001510
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NAME: Cheryl L. Heilman

DATE OF DESIGNATION: 01/91

LICENSE: NASD Series 4, 7, 24, 63, 65

TITLE: Vice President and Chief Administrative Officer

BUSINESS ADDRESS: 5900 O Street
P.O. Box 5507
Lincoln, NE 68505-0507

RESPONSIBILITIES:

Directs, administers, and coordinates the activities of the B/D in accordance with internal policies, goals, and objectives established by the Chairman, Chief Executive Officer and the Board of Directors.

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NAME: Maria E. Salinas Sherffius

DATE OF DESIGNATION: 6/96

LICENSE: NASD Series 7, 24, 63
TITLE: Vice President,
Chief Compliance Officer

BUSINESS ADDRESS: 5900 O Street
P.O. Box 5507
Lincoln, NE 68505-0507

RESPONSIBILITIES:

Review and maintenance of Supervisory Procedures and Compliance Manual

Resolution and reporting of Customer Complaints

Direct and maintenance of On-going Continuing Education Program

Approval of registrations: RRs, Broker Dealer, Branches, OSJ's

Compliance with Insider Trading Act

Compliance Interviews

OSJ Inspections

OSJ Orientation

Regulatory oversight of Financial Institutions

Review of Form BD Amendments

NASD Executive Representative

ACC001512
FILE #8451

NAME: Raymond M. Gilbertson

DATE OF DESIGNATION: 2/00

LICENSE: NASD Series 7, 24, 51

TITLE: Vice President, Insurance Compliance

BUSINESS ADDRESS: 5900 O Street
P.O. Box 5507
Lincoln, NE 68505-0507

RESPONSIBILITIES:

Assist in resolution and reporting of Customer Complaints

Assist in approval of registrations: RRs, Broker -Dealer, Branches, OSJ's

Assist with OSJ Inspections

ACC001513
FILE #8451

NAME: Deidre D. Cadwell

DATE OF DESIGNATION: 10/94

LICENSE: NASD Series 4, 7, 24, 55, 63
MSRB Series 53

TITLE: Vice President, Operations MSRB Principal
Supervisory Options Principal

BUSINESS ADDRESS: 5900 O Street
P.O. Box 5507
Lincoln, NE 68505-0507

RESPONSIBILITIES:

Supervise Broker Dealer Operations

Supervise Broker Dealer Trading, Except Fixed Incoming Trading

Maintain and Preserve Broker Dealer Operations Books and Records

Monitor Option Customer Complaints/Report to Compliance Officer to Report to NASD as required

Compliance of Options Activities

ACC001514
FILE #8451

NAME: Rex Snyder

DATE OF DESIGNATION: 12/95

LICENSE: NASD Series 3, 4, 7, 24, 63

TITLE: Vice President, Sales & Marketing Support

BUSINESS ADDRESS: 7315 Wisconsin Ave.
Bethesda, MD 20814

RESPONSIBILITIES:

Review and Approve Variable Insurance Business Arrangements

Supervisory Principal at the Home Office when RR is also a Supervisory Principal

Due Diligence

ACC001515
FILE #8451

NAME: Ryan Dewing

DATE OF DESIGNATION: 5/02

LICENSE: NASD 7, 24, 53, 66

TITLE: Compliance Manager, B/D Compliance

BUSINESS ADDRESS: 5900 O Street
P.O. Box 5507
Lincoln, NE 68505-0507

RESPONSIBILITIES:

Review Branch & Detached Office Inspections

Compliance Interviews

OSJ Inspections

OSJ Orientation

Monitors AIC Compliance E-Mail System

Exception Reports

ACC001516
FILE #8451

NAME: William Janssen

DATE OF DESIGNATION: 11/82

LICENSE: NASD Series 7, 24, 53, 63

TITLE: Vice President, Retail Sales Manager

BUSINESS ADDRESS: 5900 O Street
P.O. Box 5507
Lincoln, NE 68505-0507

RESPONSIBILITIES:

Overall Supervisory Responsibility for Retail Offices in Lincoln, Fremont, Grand Island, and Omaha and their Associates

ACC001517
FILE #8451

NAME: Michael Shoemaker

DATE OF DESIGNATION: 1/87

LICENSE: NASD 3, 7, 53, 63

TITLE: Vice President, Fixed Income Trading

BUSINESS ADDRESS: 5900 O Street
P.O. Box 5507
Lincoln, NE 68505-0507

RESPONSIBILITIES:

Review and Approve Fixed Income Trading, Fair Pricing, Syndicate Manager and Syndicate Member Participation

ACC001518
FILE #8451

NAME: Maria K. Langan

DATE OF DESIGNATION: 9/02

LICENSE: NASD Series 7, 24, 53, 66

TITLE: Manager, B/D Compliance

BUSINESS ADDRESS: 5900 O Street
P.O. Box 5507
Lincoln, NE 68505-0507

RESPONSIBILITIES:

Review and Approval of Advertising and Sales Literature; File With NASD as Required (non-municipal) (non-option)

Review and Approval of Correspondence

Review of Business Cards and Letterhead

Review and Approves Websites

The Compliance Connection Newsletter

Compliance Interviews

OSJ Inspections

OSJ Orientation
Monitors AIC Compliance E-Mail System

OSJ Agreement

Financial Institution Agreements

MSRB G37/38 Reporting

Tracing of Monthly Transaction Blotters, Incoming Correspondence Logs, Annual Interviews, RR Statements and Inspection Reports

B/D Registered Representative Books & Records Preservation From Termed RRs.

ACC001519
FILE #8451

NAME: Wendell G. Hutsell

DATE OF DESIGNATION: 6/89

LICENSE: NASD 7, 24, 63, 65

TITLE: Vice President Sales & Distribution

BUSINESS ADDRESS: 5900 O Street
P.O. Box 5507
Lincoln, NE 68510

RESPONSIBILITIES:

AIC Sales Support/Marketing

Recruiting

New Rep Transition

Promote Producer Agency Relationships

ACC001520
FILE #8451

NAME: Julie Schadt

DATE OF DESIGNATION: 2/00

EXAM(s): NASD Series 6, 7, 24, 53, 66

TITLE: Manager, B/D Compliance

BUSINESS ADDRESS: 5900 O Street
P.O. Box 5507
Lincoln, NE 68510

RESPONSIBILITIES:

OSJ Inspections

OSJ Orientation

Registered Representative/Administrative Training

Cash/Non-Cash Approvals

Monitors AIC Compliance E-Mail System

SEC/NASD/STATE Inquiries

NASD Executive Representative

ACC001521
FILE #8451

NAME: Raoul E. Clark

DATE OF DESIGNATION: 07/00

EXAM(s): NASD Series 7, 24, 66

TITLE: Manager, B/D Compliance

BUSINESS ADDRESS: 7315 Wisconsin Ave.
Bethesda, MD 20814

RESPONSIBILITIES:

AIC RIA Compliance

RIA Advertising

RIA Account Surveillance

Review of Outside Business Activities

OSJ Inspections

Monitors AIC Compliance E-mail System

407 Letters

ACC001522
FILE #8451

NAME: Diane Collins

DATE OF DESIGNATION: 10/04

EXAM(s): NASD Series 6, 26

TITLE: Licensing Registration Coordinator

BUSINESS ADDRESS: 5900 O Street
P.O. Box 5507
Lincoln, NE 68510

RESPONSIBILITIES:

U4 Review (Series 6)

U5 Processing (Series 6)

ACC001523
FILE #8451

NAME: Karen Lamb

DATE OF DESIGNATION: 06/91

EXAM(s): NASD Series 7, 24, 27, 53, 63

TITLE: Registration Compliance Specialist

BUSINESS ADDRESS: 5900 O Street
P.O. Box 5507
Lincoln, NE 68510

RESPONSIBILITIES:

U4 Review

U5 Processing

ACC001524
FILE #8451

FINANCIAL OPERATIONS PRINCIPAL

RESPONSIBILITIES:

Preparation and Books and Records Retention of Financial Statements and Reports

Ensures Compliance of Net Capital Requirements

FINANCIAL OPERATIONS PRINCIPAL:

NAME: Steven M. Oss

DATE OF DESIGNATION:

LICENSE: 27

TITLE: Financial and Operations Principal

BUSINESS 5900 "O" Street
Lincoln, NE 68505-0507

ACC001525
FILE #8451

OSJ SUPERVISORY PRINCIPALS

RESPONSIBILITIES:

Recruiting
General oversight of RR training
Orientation of new hires
Compliance interviews
Branch office inspections of assigned branches and non-branch detached offices
Assurance that assigned RR's attend and complete Continuing Education requirements:
Regulatory and Firm Element
Record keeping activities
Review and approval of new accounts (option)
Review and approval of securities transactions (option)
Preliminary review of securities correspondence

The following have been designated as Supervisory Principals through completion of appropriate security exams, Regulatory Element, Firm Element and internal principal training.

GENERAL SECURITIES PRINCIPALS:

Wayne Anderson
Exam(s): 7, 24, 63, 65
Title: General Securities Principal
Bus. Add.: 3220 SW 1st Ave., Ste. 150
Portland, OR 97201

Matthew Rembisz
Exam(s): 7, 24, 51,63
Title: Gen. Sec. Prin.

Richard Hall
Exam(s): 6, 7, 26, 63
Title: Lim. Prin.

Paul Blow
Exam(s): 6, 7, 24, 26, 53, 63
Title: General Securities Principal
Business Address: 65 E. Elizabeth Ave., Ste. 510
Bethlehem, PA 18018

Terry Boddy
Exam(s): 1, 7, 24, 51, 63
Title: General Securities Principal
Business Address: 6443 E. Redmont Dr.
Mesa, AZ 85215

Jeff Breeling
Exam(s): 7, 24, 51, 63
Title: General Securities Principal
Business Address: 16820 Frances St., Ste. 200
Omaha, NE 68130-2305

Curtis Harrington
Exam(s): 6, 7, 24, 63, 65
Title: Gen. Sec. Prin.

ACC001526
FILE #8451

William Breitweiser
Exam(s): 3, 7, 24, 51, 63
Title: General Securities Principal
Business Address: 60 Terence Drive Suite 302
Pittsburgh, PA 15236

Bradley Brodersen
Exam(s): 7, 24, 53, 63, 65
Title: General Securities Principal
Business Address: 1235 N Street
Lincoln, NE 68508

Rick Small (No 529 Plans)
Exam(s): 7, 24, 63
Title: Gen. Sec. Prin.

William Cline
Exam(s): 7, 24, 51, 63
Title: General Securities Principal
Business Address: 206 McKnight Park Dr.
Pittsburgh, PA 15237-6501

Dennis Dachtler
Exam(s): 7, 24, 51, 63, 65
Title: General Securities Principal
Business Address: 4995 Golden Foothill Pkwy. Ste. 3
El Dorado Hills, CA 95762

David Davis
Exam(s): 7, 24, 63
Title: General Securities Principal
Business Address: 11835 West Olympic Blvd., Ste. 600
Los Angeles, CA 90064

Kathleen Dennis
Exam(s): 7, 24, 27, 51, 63, 65, 66
Title: General Securities Principal
Business Address: 125 West Main
St. Charles, IA 50240-8540

Gregory Edwards
Exam(s): 6, 7, 22, 24, 51, 63, 65
Title: General Securities Principal
Business Address: 1877 S. Federal Hwy, Ste 210
Boca Raton, FL 33432

Christopher Warren
Exam(s): 6, 7, 22, 24, 63, 65
Title: Gen. Sec. Prin.

Robert Ferguson
Exam(s): 3, 7, 24, 63, 65
Title: General Securities Principal
Business Address: 12412 Powerscourt Drive #150
St. Louis, MO 63131

ACC001527
FILE #8451

David Fredrickson
Exam(s): 6, 7, 24, 51, 63, 66
Title: General Securities Principal
Business Address: 2300 Glades Rd, Ste 200W
Boca Raton, FL 33431-8518

Pam Bechtel
Exam(s): 6, 7, 24
Title: Gen. Sec. Prin.

David Goaley
Exam(s): 6, 7, 24, 63, 65
Title: General Securities Principal
Business Address: 810 Tara Plaza
Papillion, NE 68046

Russell Hoota
Exam(s): 7, 24, 53, 63
Title: General Securities Principal
Business Address: 1357 Kapiolani Blvd., Ste. 1000
Honolulu, HI 96814

Donald Hunter
Exam(s): 7, 24, 53, 63
Title: General Securities Principal
Business Address: 6355 S. 56th St.
Lincoln, NE 68516

Jennifer Schmidt
Exam(s); 6, 7, 24, 53, 63
Title: Gen. Sec. Prin.

Bill Janssen
Exam(s): 7, 24, 53, 63
Title: General Securities Principal
Business Addresss: 5900 O St.
Lincoln, NE 68510

Jeffrey Jaskol
Exam(s): 7, 24, 63, 65
Title: General Securities Principal
Business Address: 1909 Route 70 East #304
Cherry Hill, NJ 08003

John Kauffeld
Exam(s): 4, 7, 24, 51, 66
Title: Gen. Sec. Prin.

R. Eric Johnson
Exam(s): 7, 24, 66
Title: General Securities Principal
Business Address: American National Bank, 1520 E. 23rd Ave. N
Fremont, NE 68025-4955

Kelly Kidwell
Exam(s): 6, 7, 24, 53, 63, 65
Title: General Securities Principal
Business Address: 333 N. Indian Hill Blvd.
Claremont, CA 91711-4612

Kent Teixeira
Exam(s): 7,24,53,63,66
Title: General Securities Principal

ACC001528
FILE #8451

Donald Kitson
Exam(s): 6, 7, 24, 63, 65
Title: General Securities Principal
Business Address: 43570 Garfield
Clinton Twp, MI 48038

Tim Kunes
Exam(s): 7, 24, 51, 63, 65
Title: General Securities Principal
Business Address: 16800 Dallas Pkwy., Ste. 110
Dallas, TX 75248-1907

Everett Larson
Exam(s): 6, 7, 24, 51, 63
Title: General Securities Principal
Business Address: 7101 S. 82nd St.
Lincoln, NE 68516

Lynda Lawson
Exam(s): 7, 24, 53, 63
Title: Gen. Sec. Prin.
Bus. Add.: 1601 60th St., Ste. 105
W. Des Moines, IA 50266-7718

John Burns
Exam(s) 7, 24, 63, 65
Title: Gen. Sec. Prin.

Brad Whitman
Exam(s): 6, 7, 24, 26, 63, 65
Title: Gen. Sec. Prin.

Randy Studer
Exam(s): 6, 7, 26, 63, 65
Title: Lim. Prin.

Kerry Mann
Exam(s): 6, 7, 22, 24, 51, 63
Title: General Securities Principal
Business Address: 4403 1st Avenue SE, Ste. 414
Cedar Rapids, IA 52402

Martin Maskiewicz
Exam(s): 7, 24, 51, 63, 65
Title: General Securities Principal
Business Address: 7 Parkway Center Ste 650
Pittsburgh, PA 15220

Steve Tunink
Exam(s): 6, 7, 26
Title: Lim. Sec. Prin.
Business Address: 730 Philadelphia St.
Indiana, PA 15701

Anthony Mazzarelli
Exam(s): 7, 24, 51, 63
Title: General Securities Principal
Business Address: 630 N. Cotner Blvd. Ste 200
Lincoln, NE 68505
and
440 Regency Pkwy Dr.
Ste 250
Omaha, NE 68114

Dave Piatkowski
Exam(s): 6,7, 24, 63, 65 26, 63
Title: Gen. Sec. Prin.
Business Address: Omaha Office

Corey Pouloskv
Exam(s): 7, 24, 63, 65
Title: Gen. Sec. Prin.
Business Address: Lincoln Office

ACC001529
FILE #8451

Michael Muslin
Exam(s): 7, 24, 51, 63, 65
Title: General Securities Principal
Business Address: 790 Holiday Drive
Foster Plaza 11, 1st Floor
Pittsburgh, PA 68510

Charles Nowlin
Exam(s): 1, 24, 63, 65
Title: General Securities Principal
Business Address: 2000 Southridge Pkwy Ste 100
Birmingham, AL 35209

James Oppenlander
Exam(s): 7, 22, 24, 51
Title: General Securities Principal
Business Address: 68 Westerview Dr.
Westerville, OH 43081

Larry Palmer
Exam(s): 1, 24, 63, 65
Title: General Securities Principal
Business Address: 1660 Hotel Circle North, Suite 205
San Diego, CA 92108

Anthony Perrone
Exam(s): 6, 7, 24, 51, 66
Title: General Securities Principal
Business Address: 940 Centre Cir Ste 1008
Altamonte Spg, FL 32714

Michael Pevzner
Exam(s): 6, 7, 8, 22, 26, 51,63, 65
Title: General Securities Principal
Business Address: 2841 Executive Dr., Ste. 220
Clearwater, FL 33762

John Pittman
Exam(s): 7, 8, 63, 65
Title: General Securities Principal
Business Address: 1501 El Camino Ave., Ste. 1
Sacramento, CA 95815

Michael Ramage
Exam(s): 6, 7, 24, 53, 63, 65
Title: General Securities Principal
Business Address: One Pierce Place Ste 125C
Itasca, IL 60143-2692

Ruth Forsyth
Exam(s): 7, 24, 51, 63, 65
Title: Gen. Sec. Prin.

Tonita Arthur
Exam(s): 6, 7, 24, 63
Title Gen. Sec. Prin.

Dewey Hildebrand
Exam(s): 7, 24, 63, 65
Title: Gen. Sec. Prin.

N. Pete Altmann
Exam(s): 6, 26, 63
Title: Lim. Prin.

James Callens
Exam(s) 6, 7, 24, 63, 65
Title: Gen. Sec. Prin.

ACC001530
FILE #8451

Ben Siebler
Exam(s): 6, 7, 24, 51, 63, 65
Title: General Securities Principal
Business Address: 1910 N. Bell Street
Fremont, NE 68025-5029

Leonard Simpson
Exam(s): 6, 7, 24, 26, 63, 65
Title: General Securities Principal
Business Address: 3005 Douglas Blvd, Ste 115
Roseville, Ca 95661

David Sorensen
Exam(s): 7, 8, 24, 51, 63
Title: General Securities Principal
Business Address: 5951 McKee Road, Ste. 200
Madison, WI 53719

Mitch Sproul
Exam(s): 7, 24, 63, 65
Title: General Securities Principal
Business Address: 4550 Montgomery Ave, Suite 400N
Bethesda, MD 20814

Thomas Steffl
Exam(s): 2, 6, 7, 24, 63, 65
Title: General Securities Principal
Business Address: 28600 295th Ave.
Holcombe, WI 54745

Ken Stover
Exam(s): 6, 7, 24, 26, 53, 63, 65
Title: General Securities Principal
Business Address: 515 S. Capital of Tx. Hwy. #225
Austin, TX 78746-4361

John Trecek
Exam(s): 52, 53, 63
Title: Municipal Principal
Business Address: 440 Regency Pkwy. Dr., Ste. 222
Omaha, NE 68114-3742

Mike Zilli
Exam(s): 6, 26, 63
Title: Lim. Sec. Prin.

Phuoc (George) Dang
Exam(s): 6, 7, 24, 26, 53, 63, 65
Title: Gen. Sec. Prin.

Don Ames (no 529 plans)
Exam(s): 6, 7, 24, 63
Title: Gen. Sec. Prin.

Matt Weinheimer
Exam(s): 7, 24, 63
Title: Gen. Sec. Prin.

George Wilcox
Exam(s): 6, 22, 26, 63
Title: Lim. Prin.

ACC001531
FILE #8451

Tom Vautier
Exam(s): 6, 7, 24, 51, 3, 65
Title: General Securities Principal
Business Address: 111 E. Call St.
PO Box 536
Algona, IA 50511

Todd Villeneuve
Exam(s): 6, 7, 24, 26, 63
Title: General Securities Principal
Business Address: 3900 55th St. NW Ste 200
Rochester, MN 55901

Tim Walla
Exam(s): 7, 24, 51, 63, 65
Title: General Securities Principal
Business Address: 12980 Metcalf Ave., Ste. 350
Overland Park, KS 66213

Larry Ward
Exam(s): 7, 24, 26, 51, 63
Title: General Securities Principal
Business Address: 389 Hwy. 21 #401
Madisonville, LA 70447-3407

James Weaver
Exam(s): 7, 24, 53, 63
Title: General Securities Principal
Business Address: 887 S. Arlington Ave.
Harrisburg, PA 17109-5004

Henry Weaver
Exam(s): 6, 26, 63
Title: Lim. Principal

John Worrel
Exam(s): 6, 7, 24, 63, 65
Title: General Securities Principal
Business Address: 3838 N. Causeway Blvd., Ste 2160
Metairie, LA 70002

William Zeiner
Exam(s): 7, 24, 51, 63
Title: General Securities Principal
Business Address: One Sugar Creek Cntr Blvd, Ste 475
Sugarland, TX 77478

Timothy Hannah
Exam(s): 7, 24, 63
Title: Gen. Sec. Prin.

ACC001532
FILE #8451

NON-OSJ GENERAL OVERSIGHT PRINCIPALS

RESPONSIBILITIES:

Provides General Oversight to Assigned Registered Representatives, OSJ's and Branch Offices

Ron Baregi
Exam(s): 6, 7, 24, 63
Title: 2nd VP Individual Distribution Operations
Business Address: 5900 O Street
Lincoln, NE 68510

Kent Campbell
Exam(s): 7, 24, 63
Title: Sr. VP of Sales, AmerUs Life Insurance Company
Business Address: 611 5th Ave.
Des Moines, IA 50309

David Cheek
Exam(s): 1, 6, 7, 24, 63
Title: Regional Vice President, CLU, ChFC
Business Address: 2255 Morella Ave., Ste 166
Pleasant Hill, CA 94523

Jeff Dressel
Exam(s): 7, 24
Title: Regional Vice President
Business Address: 111 2nd Ave., NE, Ste. 911
St. Petersburg, FL 33701

John Emery
Exam(s): 7, 24, 63
Title: Regional Vice President
Business Address: 12020 Shamrock Plaza, Ste. 200
Omaha, NE 68154

Doug Gritton
Exam(s): 6, 7, 24, 63
Title: Vice President Agency Distribution
Business Address: 5900 O Street
Lincoln, NE 68510-2234

Danne Jones
Exam: 7, 24, 63
Title: Regional Vice President
Business Address: 611 5th Avenue
Des Moines, IA 50309

Steve Hinrichs
Exam(s): 6, 7, 24, 63
Title: Reg. Vice Pres.
611 5th Avenue
Des Moines, IA 50309

ACC001533
FILE #8451

NON-OSJ GENERAL OVERSIGHT PRINCIPALS, CONT.

Wendy Jordan
Exam(s): 6, 7, 24, 63
Title: Supervisor - Marketing Representative, CLU, FLMI, ACS Supervisor
Business Address: 5900 O St.
Lincoln, NE 68510

John Lovejoy
Exam(s): 6, 7, 24, 63, 65
Title: Regional Vice President
Business Address: 608 Oakcrest Dr.
Shelbyville,KY 40065

Mike Morgan
Exam(s): 7, 24, 51, 63
Title: Regional Vice President
Business Address: 255 Park Ave., Ste 1000
Worcester, MA 01609

Edward (Mickey) Moore
Exam(s): 7, 24, 63
Title: Regional Vice President
Business Address: 611 5th Ave.
Des Moines, IA 50309

Alan Neafach
Exam(s): 1, 6, 7, 24, 63
Title: Regional Vice President, CLU
Business Address: 2625 Cumberland Pkwy, Ste 130
Atlanta, GA 30039

Brian Owens
Exam(s): 1, 26
Title: Sr. Vice President Career, Distribution
Business Address: 7315 Wisconsin Ave.
Bethesda, MD 20814

J. Greg Peay
Exam(s): 7, 24, 63
Title: Regional Vice President
Business Address: 2212 Arlington Downs Rd., Ste. 210
Arlington, TX 76011

ACC001534
FILE #8451

Nicholas Radosta
Exam(s): 7, 22, 24, 63
Title: Regional Vice President
Business Address: 46959 Piper Ct.
Shelby Twp, MI 48315

Jon Salomon
Exam(s): 7, 24, 63
Title: Regional Vice President
Business Address: 384 Bel Marin Keys Blvd, Ste. 135
Novato, CA 94949

R. Jim Wissler
Exam(s): 7, 24, 63
Title: Regional Vice President
Business Address: 611 5th AVE
Des Moines, IA 50309

ACC001535
FILE #8451

AVLIC AND ALIC LIMITED PRINCIPALS

RESPONSIBILITIES:

Review of suitability and approval of new accounts

LIMITED SECURITIES PRINCIPALS:

Exam: 6, 26
Titles: Limited Securities Principal
Business Address: 5900 O Street
Lincoln, NE 68510

Name: Cary Anthony

Sandra Barnes

Ed Beller

Ann Blaser

Jason Castle

Cindy Cecava

Joyce Dauel

Jacque Dughman

Sandy Egger

Brooke Fine

Sharon Fitch

Ray Gilbertson (Ser. 7, 24, 66)

Heather Harrington

Gloria Headrick

Lorrie Herel

Marty Johnson

Steve Karver

ACC001536
FILE #8451

LIMITED SECURITIES PRINCIPALS, CONT:

Gina Klucas

Betty Merritt

Audrey Mines

Marilyn Napier

Patty Reiners

Deb Reitsema

Deanna Ruff

Deb Sterns

Karen Walker

Ryan Walker

Laura White

ACC001537
FILE #8451

AIC AND FIELD REPRESENTATIVES

RESPONSIBILITIES:

Review of suitability and approval of new accounts

GENERAL SECURITIES PRINCIPALS:

Title: General Securities Principal
Business Address: 5900 O St.
Lincoln, NE 68510

Name:		
	Richard Boyle	7, 24, 53, 55, 63
	Aletha Brown	7, 24, 63
	Deidre Cadwell	4, 7, 24, 53, 55, 63
	Crystal Davenport	4, 7, 24, 53, 63, 65
	Brendon Feury	7, 24, 53, 66
	Steven Holmquest	7, 24, 63, 66
	Wendell Hutsell	7, 24, 63, 65
	Vicki Kirchhoff	7, 24, 63, 66
	A.J. Kurtzer	7, 24, 53, 63, 66
	Chad Kyes	4, 7, 24, 53, 63
	Kristi Larsen	6, 7, 24, 27, 66
	Michells Nevius	7, 24, 51, 63, 66
	Pete Pallard	6, 7, 24
	Price Rivers	4, 7, 24, 53, 55, 63, 65
	Lindsay Schellpeper	7, 24
	Dan Shiley	6, 7, 26, 53, 63
	Jeff Smalley	7, 24, 63
	Diana Stanley	6, 26, 51
	Lori Teaford	7, 24

ACC001538
FILE #8451

ACC001539
FILE #8451

ADDENDUM B

OFFICE OF SUPERVISORY JURISDICTION AND SUPERVISING PRINCIPAL OBLIGATIONS AND DUTIES

1. Maintaining the books and records required by the SEC, NASD, state laws and AIC policies for each branch office under supervision of the OSJ. Records include, but may not be limited to:

    - Complaint file, including office compliant log
    - Do not call list
    - Correspondence files for all securities-related correspondence
    - Advertising file
    - Monthly Transaction Blotter
    - Client files for each client containing, , suitability information and copies of all correspondence
    - Incoming correspondence log
    - Signature Guarantee stamp log
    - Non-Registered personnel file
    - Exception Report file
    - Business card and letterhead file
    - Office inspection file

2. Preliminary review of all securities-related correspondence prior to submission to the Home Office Compliance Department;

3. Review of all securities transactions for suitability;

4. The preliminary inquiry into all background information for all RRs and non-registered personnel proposed to be registered by AIC to be employed in the OSJ under its supervision;

5. Annual inspection of all branch offices established under the supervision of the OSJ. Such inspections shall cover all securities activities of that branch office, including any investment advisory services provided by IAR who conduct business on behalf of AIC at that branch office.

6. Periodic inspections, at the discretion of AIC's Compliance Officer, of all branch offices established under the supervision of the OSJ;

7. Annual compliance interviews of all RRs affiliated with AIC who are assigned to the OSJ;

8. OSJ will ensure that Principals and all RRs will obtain required errors and omissions coverage;

9. OSJ will ensure that each office at which brokerage services are provided, and which is designated as a branch office by identifying it with a sign, is a branch office of AIC by all appropriate regulatory agencies having jurisdiction over AIC. Books and records required to be maintained at each office relating to brokerage business will be available for inspection by regulatory bodies and AIC.

10. OSJ agrees to comply and ensure compliance by branch offices, Principals and RRs under its supervision, with the NASD Continuing Education Requirements.

ACC001540
FILE #8451

ACC001541
FILE #8451

ADDENDUM C

REGISTERED REPRESENTATIVE IN CHARGE – RECORDS EXPLAINER DUTIES AND RESPONSIBILITIES AGREEMENT

Maintaining the books and records required to be kept in the branch office. The records will include, but may not be limited to, complaint file, including office complaint log, Do Not Call list, correspondence files for all securities-related correspondence, advertising file, monthly transaction blotter file, incoming correspondence log file, non-registered fingerprint file, a client file for each client, containing among other things, suitability information and copies of all correspondence.

Designating individual to open all incoming mail. Securities related correspondence should be logged in on the Incoming Correspondence log and a file maintained.

Should checks or securities be delivered to the branch office, ensuring that they are promptly recorded and then forwarded the same day to AIC's home office.

Forwarding the original of all complaints to AIC's Compliance Department.

Forwarding all solicitation correspondence to the Compliance Department of AIC for review and approval prior to use.

Distributing to each RR assigned to the branch office, appropriate current sales literature, prospectuses, training material, operating instructions and other information provided by AIC (if multiple RRs in office).

Maintaining the AIC Policies and Procedures Manual.

Promptly notify OSJ or the Home Office of any change in the residence or business address of any RR assigned to the AIC branch office.

Correcting in a timely manner, any discrepancies that were brought to the attention of the branch office during an inspection by AIC, the OSJ or any regulatory authorities.

Telephones must be answered disclosing broker/dealer if office is an OSJ or a NASD registered branch office. (i.e. Good Morning Downtown Insurance – AIC)

Display signage that identifies broker/dealer if office is an OSJ or NASD registered branch office. If signage is not obtained from AIC, this must have prior Compliance Department approval.

ACC001542
FILE #8451

Acknowledgment and Agreement

I hereby acknowledge receipt and agree to comply with the procedures of the Registered Representative in Charge – Records Explainer of the office located at _____
_____.

_____ _____
Signature RR in Charge – Records Explainer Date

_____
Printed Name RR in Charge – Records Explainer

ACC001543
FILE #8451

ADDENDUM D

AMERITAS INVESTMENT CORP.

BRANCH OFFICE AND NON-BRANCH INSPECTION CHECK LIST

The most recent version of the above-listed forms can be found on the tools4you.com website under the heading "Forms, Compliance."

ACC001544
FILE #8451

ACC001545
FILE #8451

ADDENDUM E

SALES & MARKETING COMMUNICATIONS COMPLIANCE POLICIES & PROCEDURES

for

Ameritas Life Insurance Corp., Ameritas Variable Life Insurance Company, First Ameritas Life Insurance Corp. of New York, and Acacia Life Insurance Company.
Also incorporated into Ameritas Investment Corp.'s Policies and Procedures.

EFFECTIVE April 1, 2005

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- B. "Distributor of insurance products"
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- D. "Advertisement" (includes "Internal" and "Public" Communications)
- E. "Institutional Sales Material"
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I. INTRODUCTION

A. To achieve our business goals, our communications to those that sell our products and to the general public must be accurate, informative and creative, and must represent the highest standards of ethics and integrity, relevant balanced disclosure and compliance.

B. Compliance review is integral to creating successful sales and marketing communications. The establishment and enforcement of Sales & Marketing Communications Compliance Policies and Procedures is a compliance function subject to oversight by the Insurer's senior Compliance Officer.

C. More helpful and practical information about sales and marketing communications compliance by product line can be found on the Enterprise Intranet Communities site for "Ad Review" at http://intranet.ameritas.com/comm/adrev.

II. DEFINITIONS

A. **"Insurer"** *is defined* as each of those insurers identified above.

B. **"Distributor"** is *defined broadly* to include any individual or entity intended to directly or indirectly promote sales of the Insurer's insurance products or to recruit others to distribute those products.

This definition includes licensed individuals and entities such as agents, producers, registered representatives, broker dealers and solicitors, and unlicensed individuals and entities such as financial planners, certified public accountants, banking officers, employers and other centers of influence through which the public may learn about the insurer's insurance products.

C. **"Sales & Marketing Material"** *is defined* to include: "Advertisement," sales literature, correspondence and "Institutional Sales Material." All Sales & Marketing Material except "Institutional Sales Material" can be further characterized as either **"Public Communications"** (*defined as* communication intended for or susceptible to use to the general public, including distributors who are not appropriately licensed to sell the product being discussed) or **"Internal Communications"** (*defined as* communication intended for use solely to enterprise distributors appropriately licensed to sell our products, including internal wholesalers and group producers). "Institutional Sales Material," is a subset of Internal Communication.

D. **"Advertisement"** *is defined broadly* as "Sales & Marketing Material" that is not "Institutional Sales Material" in that it is material created or used by an Insurer or Distributor, regardless of the type of media, delivery medium or method of distribution, that is designed to:

1. create interest among the public or any distributor of insurance products in an Insurer or its products;

2. induce the public to purchase, increase, modify, reinstate, borrow on, surrender, replace, or retain a policy; or

3. train or solicit any Distributor to induce the public to purchase, increase, modify, reinstate, borrow on, surrender, replace, or retain a policy.

Advertisements ***include***, but are not limited to, these specific kinds of materials, regardless of who prepares them (so includes material purchased from third-parties):

1. Printed and published material, audio/visual material, and descriptive literature used in direct mail, newspapers, magazines, directory ads, telephone yellow page ads, radio and television scripts, web sites and other Internet/Intranet displays or communications, other forms of electronic communications, billboards, and similar displays.

2. Descriptive literature and sales aids of all kinds, including but not limited to circulars, leaflets, booklets, depictions, illustrations, and form letters and lead-generating devices of all kinds.

3. Material used for the recruitment, training, and education of Distributors and used or designed to be used to directly induce the public or to train Distributors to induce the public to purchase, increase, modify, reinstate, borrow on, surrender, or replace a policy. *(Material designed to solely educate*

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distributors about our products and product-use strategies is not an "Advertisement," but is "Institutional Sales Material.")

4. Prepared sales talks, presentations, and related material.

5. Solicitation material included with a policy upon policy delivery and material used in the solicitation of renewals and reinstatements.

Advertisements are *not*:

1. Communications with policyholders that do not urge policyholders to purchase, increase, modify, reinstate, or retain a policy. This generally includes service forms and letters, statement stuffers, etc. However, if as a secondary purpose the piece mentions benefits or features of a policy, or suggests policyholders should consider something other than what they currently own, the piece must be considered an Advertisement.

2. An announcement from a group policyholder simply notifying eligible employees or members about new or proposed coverage, but that does not describe specific benefits or advantages of the coverage and states such details will be provided in a later communication. This does not prohibit a general endorsement of the program by the sponsor.

3. Individualized correspondence from an agent to a single prospect or policy owner, although a substantially similar letter being sent to more than one such prospect or policy owner will generally be considered to be a form letter that is an Advertisement.

   While 'correspondence' is not an Advertisement, correspondence by an NASD registered representative must be submitted for review to a principal designated by representative's broker-dealer Compliance Officer, and must adhere to general standards as stated in these procedures as well as policies and procedures of the broker-dealer.

4. Court-approved material ordered by a court to be disseminated to policyholders.

E. **"Institutional Sales Material"** *is defined* as "Sales & Marketing Material Internal Communication" (not a "Public Communication" or "Advertisement") whose purpose is solely to educate Distributors about our products and product-use strategies and is distributed or made available only to:

   1. A financial professional person or entity appropriately licensed to sell the products being promoted.

   2. The employer, plan manager or other fiduciary of the plan, but not any participant, of an IRS 401(k) plan that has at least 100 participants or an employee benefit plan under IRS 403(b) or 457 that has at least 100 participants.

   The principal benefit in classifying "Sales & Marketing Material Internal Communication" as "Institutional Sales Material" instead of an "Advertisement" is the potential for more limited disclosure requirements when using testimonials and product comparisons.

F. **"Advertising Review Process"** *means* the process adopted by the Insurer to conduct its own compliance review of "Sales & Marketing Material" to assure regulatory content, filing and record-retention requirements are met.

G. **"Advertising Review Committee"** is *defined* as the committee or individual designated by the Insurer's senior Compliance Officer to review and approve material pursuant to these Policies and Procedures.

H. **"Advertising Review Administrator"** is *defined* as the individual responsible for maintaining required regulatory records of material subject to these Policies and Procedures and for maintaining evidence of appropriate internal and regulatory review and approval.

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III. IMPLEMENTATION OF THESE POLICIES & PROCEDURES

A. Adoption by Executive Management of Affected Affiliated Companies

These Sales & Marketing Communications Compliance Policies & Procedures shall be adopted by the Insurer's Executive Management prior to implementation, and may be updated from time to time upon the concurrence of the Insurer's senior Compliance Officer. The current version of these Policies and Procedures is posted on the Enterprise Intranet Communities site for "Ad Review."

B. Acknowledgement of Receipt by Affected Departments

1. The Insurer's senior Compliance Officer shall cause these Policies & Procedures to be distributed or available to appropriate management, associates and Distributors.

2. The Insurer's senior Compliance Officer may require written acknowledgement of receipt and knowledge of these Policies & Procedures from associates, including management, with direct involvement and responsibility over materials and activities subject to these Policies and Procedures.

3. Associates involved in creating and reviewing or managing Sales and Marketing Communications shall keep apprised of the latest version of these Policies and Procedures as updated from time to time on the Enterprise Intranet Communities site for "Ad Review."

IV. ADVERTISING REVIEW PROCESS

A. Normal Advertising Review Process

1. Most communications submitted to the Advertising Review Process can be initially reviewed within five business days.

2. The 'normal' Advertising Review Process consists of review by each member of the Advertising Review Committee.

3. All "Sales & Marketing Material" is subject to the 'normal' Advertising Review Process, except template "Institutional Sales Material" as described in Section IV.B. below.

B. Limited Advertising Review Process

1. "Institutional Sales Material" that follows a template format, where the template has previously been approved by the Advertising Review Committee pursuant to the Normal Advertising Review Process, may be used upon approval of just a Law Division member of the Advertising Review Committee and, where required for regulatory purposes, a member of the appropriate company's Compliance Department (which is generally the Advertising Review Principal of broker-dealer Ameritas Investment Corp. for individual insurance communications).

2. The Advertising Review Committee may identify other "Institutional Sales Material" that is appropriate for the Limited Advertising Review Process.

3. In all other respects, the Limited Advertising Review Process is the same as the Normal Advertising Review Process.

C. Expedited Advertising Review Process

1. "Expedited Advertising Review" is an exception review process of "Sales & Marketing Material" to be used only when circumstances reasonably prevent the usual pre-planning expected of Advertising Originators in order to submit material through the Normal or Limited Advertising Review Process prior to the desired time to use the material.

2. "Expedited Advertising Review" is available upon request and subject to the Advertising Review Committee's discretion. The Advertising Review Committee may refuse a request for Expedited Advertising Review when the Committee determines an Advertising Originator is abusing the 'exception' purpose of Expedited Advertising Review, or when other circumstances would reasonably prevent the necessary Advertising Review Committee members from reviewing the material submitted for review on an expedited basis.

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3. Sales & Marketing Material accepted for Expedited Advertising Review shall generally be reviewed within 24 hours of submittal, except lengthy materials (such as presentations over 20 slides or other content over four pages) shall generally be reviewed within 48 hours of submittal. The expectation upon Advertising Originators is that Advertising Review Committee comments upon material submitted for Expedited Advertising Review shall be addressed with the same sense of urgency and timeliness.

D. Right of Appeal

An Advertising Review Committee decision pursuant to these Policies & Procedures may be appealed to the Insurer's senior Compliance Officer. The Insurer's senior Compliance Officer's decision shall be final.

A matter involving a securities product or Sales & Marketing Material to be used by a registered representative of Ameritas Investment Corp. ("AIC") preliminarily requires the consent of AIC's reviewing principal, whose decline decision may be appealed to AIC's Chief Compliance Officer, before a decline decision from any other member of the Advertising Review Committee may be appealed to the Insurer's senior Compliance Officer. In other words, a decline by AIC's Chief Compliance Officer is final and cannot be appealed to the Insurer's senior Compliance Officer.

E. Responsibilities of the Advertising Originator

1. To know current policies, procedures and regulations applicable to "Sales & Marketing Material" (as communicated by Compliance and Law Departments), and to keep their department's management apprised of internal or regulatory developments impacting the compliant development of such material.

2. To have a thorough working knowledge about the product, supplemental benefit or rider, and sales strategy for which the advertising originator is responsible for preparing or presenting Sales & Marketing material for review by the Advertising Review Committee. Such knowledge should include information about the product's features, including benefits, risks and limitations, the product's intended markets, commission structure, and fit within the total portfolio of products sold by the affected distribution outlet.

3. Prepare Sales & Marketing Material and independently evaluate it for compliance with these Policies and Procedures before submitting it to the Advertising Review Process.

   - Obtain permission to reprint materials produced by others (such as media article reprints or any material protected by copyright or other proprietary interest).

     – *Variable and Retirement Plan product Sales & Marketing Material where the product is sold pursuant to a Participation Agreement may require approval by any mutual fund company identified in the advertisement. (Many of our Participation Agreements give blanket consent to certain uses of their proprietary information.)*

   - Obtain permission to use testimonials. The testimonial and permission to use it should be re-verified at least annually.

   - Identify sources for quoted statistics or use of copyrighted material and to support comparison data, and maintain copies of those sources in the Advertising Originator's file for the Sales & Marketing Material.

   - Content intended to be protected as a proprietary interest should be copyrighted. Generally, the owner of the copyright is the Insurer; for multi-Insurer material, the owner of the copyright should be "Ameritas Acacia Mutual Holding Company."

4. *(Currently does not apply to Group Division Material.)* Submit Sales & Marketing Material to the Advertising Review Process on a submittal form approved by the Advertising Review Committee.

   - Material is best submitted as it would appear to the intended audience; e.g. letters appear on the intended letterhead, etc. Where that is not possible, provide information about the logos and disclosure content so that the Advertising Reviewer will understand how the final version will appear.

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- Notify the Advertising Review Committee meeting agenda facilitator at least two days in advance of any material to be scheduled for discussions at an Advertising Review Committee meeting.

5. Attend Advertising Review Committee meetings – in person or by telephone - when the Advertising Originator's Sales & Marketing Material is scheduled to be discussed.

6. Track progress of submitted Sales & Marketing Material throughout the Advertising Review Process:

   - Make required changes prior to use.

   - Notify the Advertising Review Administrator if the material is to be removed from the Advertising Review Process and not used if changes cannot be timely made.

   - Maintain a file reflecting changes made until a final version is approved by the Advertising Review Committee and, if applicable, any regulatory reviewer.

   - Prior to use of any material, provide the Advertising Compliance Administrator with a final approved copy of the material for compliance files, including the signed-off submittal form. "Pdf" electronic versions of these documents is preferred, but if not available three final printed copies should be provided. Obtain sign-off from Advertising Reviewers on the submittal form. *(Until the electronic 'rolling review' process is fully implemented, e-mail approvals should be gathered and forwarded to the Advertising Review Administrator together with a completed submittal form noting the dates each Advertising Reviewer approved the material.)*

     - For large-size material with no 'pdf' file, such as an entire website, one print copy only needs to be provided.

     - For First Ameritas Sales & Marketing Material, the Advertising Originator also must send three specimen copies of the final-approved material to the First Ameritas office in Suffern, New York.

   - Maintain a file or provide the Advertising Review Administrator with information identifying the method and extent of use, including the targeted audience and method and scope of delivery.

7. Resubmit Sales & Marketing Material previously approved by the Advertising Review Committee through the Advertising Review Process at least every three years, or whenever the Advertising Originator has reason to belisve such material may no longer comply with these Policies and Procedures and/or current regulatory requirements.

   - The Advertising Originator is primarily responsible to monitor the ongoing compliance of previously approved material, to call the Advertising Review Committee's attention to such material that may no longer be compliant, and to proactively remove such material from use.

   - Any previously approved material that changes *in any way* must be assigned a new form number or revision date and usually must be resubmitted through the Advertising Review Process. To facilitate a timely and accurate review, a redlined or highlighted copy of the previously approved material showing the changes is helpful.

F. Responsibilities of the Advertising Reviewer

1. To know and apply current policies, procedures, laws and regulations (as communicated by Compliance and Law Departments) governing the creation and use of Sales & Marketing Material created on behalf of the Insurer.

2. To have a general working knowledge about products, including supplemental benefits and riders, and sales strategies for which Sales & Marketing material is routinely reviewed. Such knowledge should include information about the product's intended markets, features, commission structure, and fit within the total portfolio of products sold by the affected distribution outlet.

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3. Attend Advertising Review Committee meetings, or arrange to otherwise review or have a substitute reviewer attend such meetings.

4. Review material submitted to the Advertising Review Process and timely provide comments to Advertising Originators to make such material compliant with these Policies and Procedures and regulatory requirements.

5. The Law and Compliance Department Advertising Reviewers shall monitor regulatory and legal developments affecting the preparation of compliant Sales & Marketing Material and shall timely communicate any alerts or changes in the application of these Policies and Procedures necessitated by such developments.

6. The broker-dealer Advertising Reviewer Principal may, at his/her sole discretion, permit the Advertising Originator to use Sales & Marketing Material for up to 10 days prior to an NASD filing of the advertisement. This discretion is generally limited to material that is substantively similar to previous Sales & Marketing Material approved by the NASD, and does not obviate any need for prior review of such material by the Reviewer Principal.

G. Responsibilities of the Advertising Compliance Administrator

1. Establish and maintain files and records as required for regulatory compliance.

2. Establish and maintain a computer database accessible by associates most involved in the Advertising Review Process identifying Sales & Marketing Material approved by the Advertising Review Committee, such material submitted to regulators for regulatory review, and such other information as the Advertising Review Committee may from time to time find helpful.

3. Make appropriate filings and reports to regulators regarding Sales & Marketing Material.

   - A limited number of States require Public Communications Advertising to be filed with the State Insurance Department. Most of these States allow such material to be filed concurrent with use, but some states require such material to be filed up to 30 business days (45 calendar days) prior to use.

   - Generally, internet Sales & Marketing Material is implemented on a 'file and use' basis wherever possible. Some States may require disclosure that internet material is pending review by the applicable regulatory agencies and that residents of the affected States should not rely upon the internet information.

   - NASD review time for normal filings can vary from two to eight weeks. NASD expedited review is available, for an additional charge, for most variable annuity material of fewer than ten pages, and results in NASD review within five business days.

   - The Administrator generally submits filings to the NASD within three business days, and to States within five business days, of receipt from the Advertising Originator of the final sign-off submittal form and 'pdf' or printed copy of the reviewed material.

4. Notify the Advertising Originator and the Advertising Review Committee of regulatory responses to filed Sales & Marketing Material.

H. Advertising Review Committee Members

The Advertising Review Committee Members for each Insurer and business division are identified in the Enterprise Intranet Community site for "Ad Review."

V. CONTENT STANDARDS

A. What Advertising Rules Apply to My Department's Material?

1. Summaries of applicable regulations and laws are on the Enterprise Intranet Community site for "Ad Review" together with more detailed information about requirements that may apply to specific situations or business lines.

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2. These Policies and Procedures generally apply to communications from all lines of business. Exceptions are where, for instance, a regulatory scheme such as the NASD is discussed that is inapplicable to your product line, or where your product line is specifically excluded.

3. Such issues as style, grammar, budget, message, and design are not intended to be subject to the Advertising Review Process. However, issues of corporate image, distribution channel relationships and potential conflicts, accurate financial and corporate information, and ratings are subject to Advertising Review Committee review and approval. Where the Committee does not have the enterprise's best subject matter expertise on such issues, its role is primarily to assure the issue is raised and addressed at the appropriate enterprise level and that appropriate enterprise experts are consulted to reach the best enterprise decision.

4. Sales & Marketing Material used to market insurance products in financial institutions (like banks) must contain proper disclosures and conform to applicable banking-regulation requirements.

5. The Content Standards are broadly stated, and often allow room for interpretation. If in doubt about how a standard should be applied, interpret content in a way most favorable to consumer disclosure. Your Law or Compliance Department Advertising Reviewer can help you understand applicable regulators' current application of specific standards.

B. Content Standards for ALL Sales & Marketing Material

1. Must:

- Include a unique advertisement form number located in the lower left corner of the front page. (Some "Internal-use" material may not need the form number on the advertisement, although it is helpful for tracking purposes.) The form number should include a date. (Ex: AG 1234 Ed. 2-04, GR 5678 Rev. 11-03.). Any change in the advertisement requires a new form number; a change in the revision date may be a new form number for immaterial changes or statistical updates.

- If a product is named, must identify at least once and early the kind of product being discussed. Not just "Overture Medley!", but "Overture Medley! variable annuity." Not just "Overture Bravo!", but "Overture Bravo! survivorship variable life insurance." This applies to all lines of business.

- Identify early and clearly once the full name of the company issuing any product identified in the Sales & Marketing Material.

  - Exception for 'blind' ads used to recruit personnel. (Example: "Wanted – agents to sell WL, VUL, VA, group dental and mutual funds. Top Commissions paid. Call xxx-xxxx." Don't need to identify any company.)

- Identify the form number of any policy or rider mentioned in the material.

- Cite sources for quoted material or statistics.

- Be based upon principles of fair dealing and good faith.

- Be fair and balanced.

  - Use of "No-load" or "low-load" must be balanced with disclosure that the product has charges.

- Provide a sound basis for evaluating the facts about the product or strategy discussed.

- Disclose the relationship to the Company of any unrelated person or entity identified in the advertisement, noting any non-affiliation between them and the Company.

- For testimonials:

  - Disclose if compensation was paid for an endorsement or testimonial.

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- If the testimonial is about product results or benefits or makes specific service statements or claims, state the testimonial may not be representative of another's experience. *(A simple claim that "Ameritas' service was friendly, professional and prompt." needs no disclaimer.)*

- Cite knowledge and experience of the person quoted sufficient for a consumer to recognize the person as an expert if the testimonial is about an aspect of the product requiring expertise to form a valid opinion.

- "Institutional Sales Material" may not need as much detail about testimonial disclosure. *(Consult a Compliance or Law Advertising Reviewer.)*

• Balance claims about tax or income benefits with disclosure about which taxes or tax penalties may apply.

• Have verifiable support (to be kept at least in the Advertising Originator's files) of any claims made in the Sales & Marketing Material. (Example: Claims that a product's costs are lower than industry averages.)

• Identify companies providing other services or products mentioned in an advertisement. (Example: disclosing "Morningstar Associates LLC" for the asset allocation tool.) Depending on the service or product, it may be necessary to disclose non-affiliation between that company and our company.

• 'Puffery' must have a basis in verifiable fact. *(See the Enterprise Intranet Community site for "Ad Review" for examples of acceptable and unacceptable 'puffery.')*

2. Cannot:

• Omit any material fact or qualification if the omission, in light of the content of the material presented, would cause the communication to be misleading.

• Relegate disclosure to a footnote if doing so inhibits a fair and balanced clear understanding of the content. *Regulators disallow most footnoting of disclosure.*

• Include any false, exaggerated, unwarranted or misleading statement or claim. (Consider the context in which the claim is made, and the clarity of the claim.)

• Partially compare products (including features like performance or specific benefits) or services without disclosing that the products likely have other different features, costs and expenses that should be considered in evaluating both products.

- NASD takes a very hard line on this, and prohibits comparisons unless all material differences between products are disclosed, including investment objectives, costs and expenses, liquidity, safety, guarantees or insurance, fluctuation of principal or return, and tax features.

- "Institutional Sales Material" may not need as much detail about product comparisons disclosure where its clear the comparison is limited. *(Consult a Compliance or Law Advertising Reviewer.)*

• Claim a product or feature is tax-free or exempt when the tax is merely postponed or deferred.

• 'Puffery' cannot be promissory or infer certainty about a product's non-guaranteed risks and uncertainties; and cannot compare or infer comparison to other products or companies unless enough information is provided to fairly, completely and accurately evaluate the comparison or at least provide adequate notice of the limited or incomplete comparison being made. *(See the Enterprise Intranet Community site for "Ad Review" for examples of acceptable and unacceptable 'puffery.')*

• Disparage other enterprise lines of business or distribution systems or otherwise overtly create direct channel conflicts. *(Example: direct-to-consumer distribution material using*

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disparaging language about agent-sold products. Factual comparative material is generally permitted.)

C. Additional Content Standards for Securities or related strategy Sales & Marketing Material *(includes registered and unregistered securities, so includes group variable annuities)*:

1. Must also:

   - Prominently disclose the name of the NASD member (AIC) and identify AIC as the underwriter of any security mentioned. *(Does not apply to unregistered securities, like Group VAs.)*
   - Disclose the relationship between the NASD member or Insurer and any other person/entity named in the ad. *(Example: An ad for an independent broker-dealer must disclose the non-affiliation between AIC and that broker-dealer.)*
   - For a testimonial, also state the testimonial is no guarantee of future performance and success.
   - Include standard 'prospectus offer' disclosure if any product is mentioned.
   - Disclose that the product includes "risk of loss, including principal" if the discussion is any more than just a listing of the product.
   - Disclose that any cited performance (whether actual or hypothetical) is no guarantee of future performance or success.
   - Disclose that any product guarantees "depend upon the claims-paying ability of the issuing insurance company." Depending upon the content, you may also need to add that the product guarantees also "do not apply to investment option assets."
   - Disclose that insurance company ratings "do not apply to assets in the variable investment options."
   - For variable life insurance Sales & Marketing Material, always emphasize the insurance aspect (death benefit protection) as the dominant product feature; may then promote investment features with a balanced discussion.
   - When a "dollar cost averaging" program is promoted, include this or comparable disclosure: "Dollar cost averaging includes continuous investing regardless of price levels. Although its goal is to lower the investor's average portfolio cost, it does not assure a profit and does not protect against loss in declining markets."
   - When "portfolio rebalancing" or "earnings sweep" programs are promoted, include this or comparable disclosure: "These programs do not assure a profit and do not protect against loss in declining markets."

2. Also cannot:

   - Predict or project performance that isn't guaranteed, imply that past performance will recur or make any exaggerated or unwarranted claim, opinion or forecast.
     - This does not prohibit the use of hypothetical performance when illustrating variable life insurance pursuant to NASD rules.
   - Use terminology that could be inferred to mean retail mutual funds are directly available in the product. Generally avoid using the word "fund" or "mutual fund"; do use "portfolio." Also, don't say "portfolio from XYZ Fund Manager"; do say "portfolio managed by XYZ Fund Manager."

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- Represent or imply that variable products are short-term, liquid investments. Presentations regarding liquidity or ease of access to investment values must be balanced by clear language describing the negative impact of early redemptions. With respect to variable life insurance, discussion of loans and withdrawals must explain their impact on cash values and death benefits." *(NASD IM 2210-2(a)2))*

- Use 'clone fund' performance to promote a similar variable insurance product investment option.

D. "Internal Communications" vs. "Public Communications"

1. These Policies and Procedures intentionally make few distinctions between content standards and review processes applicable to "Public Communications" versus "Internal Communications" Advertisements. "Internal Communications" are mostly subject to the same review process and regulatory content standards as "Public Communications." However, in applying content standards to "Internal Communications," it is usually possible to consider an audience as more sophisticated about the products and services we offer (such as registered reps, for instance); that and the slightly different regulatory requirements applicable to "Institutional Sales Material" may allow some disclosure to be more limited than is required for "Public Communications" Advertisements.

2. So, the primary advantages of identifying material as "For [Broker][Agent][Financial Professional] Use only. Not for Use With Clients." are:

   - Such material does not need to be filed with regulators for approval, so can usually be available for use more quickly since only internal approval is required.

   - Such material may be able to take into account that the audience is more sophisticated, allowing some disclosure to be eliminated or abbreviated.

   - To help prevent material inappropriate for the public but appropriate for distributors from being used with the public, such as training about sales strategies or content about commission structures.

E. Partial Performance Illustrations and Comparisons of Variable Products

1. "Public Communications" Advertisement content standards generally prohibit partial-performance illustrations and comparisons. However, "Internal Communications" material may be able to use more limited disclosure where the material clearly is used with a more sophisticated audience or where the material can be classified as "Institutional Sales Material." *Consult with a Law or Compliance Advertising Reviewer when developing this kind of material.*

2. Any overt or implied comparison of products must provide enough information for the reader to make an informed and complete comparison of the compared products, including (as applicable) investment objectives, costs and expenses, liquidity, safety, guarantees or insurance, fluctuation of principal or return, and tax features. *(See NASD Rule IM 2210-2(b)(2) and Rule 2210 (d)(2)(B).)*

3. Portfolio Performance *(See NASD NTM 03-77, and SEC Reg. 230.482):*

   - Must be as of the most recent calendar quarter, and at least give notice about how to obtain performance as of the most recent month-end.

   - Must at least give 'standardized' disclosure identifying charges reflected; once given, then nonstandardized can also be given. If not all charges are reflected, must also disclose about non-disclosed charges and state that had all charges been reflected, the quoted performance would have been lower.

   - Include at least this disclosure: "Past performance does not guarantee future results; current performance may be higher or lower than that quoted."

4. VA Performance:
   Performance must be net of all recurring costs such as maximum M&E charge and administrative charges. Performance for specified time periods within a surrender charge period must at least reflect imposition of surrender charges. *("NASD deems performance net of such costs to be material information that is necessary to make performance presentations fair and not misleading." NASD*

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Alert Vol. 16 No. 2 summer 2002.) Once you show 'standardized' performance, then you can show 'non-standardized' in your desired format.

5. VL Performance and Comparisons:
"Public communications" content standards applicable to Advertisements generally prohibit comparing performance of multiple VL products. It is okay to illustrate investing in VL versus term life with a side investment fund.

6. Both VA and VL Performance and Comparisons:
"Institutional Sales Material" may have greater latitude to use more limited disclosure than might be required for Advertisements for partial performance and comparisons in order to educate appropriately-licensed distributors about our VA and VL products. However, general content standards of fairness, balanced, and material not being misleading still apply. This is very much a 'facts and circumstance' evaluation, depending upon the audience and how the material is distributed or communicated. *Consult with a Compliance or Law Department Advertising Reviewer when developing such material.*

    - For more on this topic, including summaries of applicable rules, see the Enterprise Intranet Communications site for "Ad Review."

F. Corporate Identity

The Corporate Standards & Guidelines Manual governs the use of all Enterprise names and logos for maintaining consistency, character and overall quality of the Corporate image. The on-line manual is located on the Enterprise Intranet in the Corporate Services section under "Corporate Communications." The intranet address is: http://intranetameritas.com/cs/corpcomm.html

VI. SPECIAL SITUATIONS

A. Prepared Presentations *(such as RVP, Home Office associate, and OSJ principal presentations to affiliated or prospective agents/representatives, including Ameritas/Acacia hosted seminars that may include non-associated speakers)*

1. Prepared Presentations are subject to the Advertising Review Process and must comply with all requirements set forth in these policies and procedures, so cannot be used until approved by the appropriate Advertising Reviewers.

2. Required disclosure, including required speaker notes accompanying visual material, must be presented without abbreviation or elimination. Required disclosure should be presented in a manner that is not disparaging to the need for disclosure but in a manner that affirms our enterprise commitment to represent the highest standards of ethics and integrity, relevant balanced disclosure and compliance. Note: Most presentations need a general disclosure regarding not providing tax/legal advice. *See Section VIII, below, for disclosure language.*

3. Required handouts must be distributed. This may include printed copies of a full illustration, qualified plan disclosures or copies of a prospectus.

4. Presentations Hosted by our enterprise where non-enterprise speakers appear: *For required disclosure, see Section VIII, Some Required Disclosures.*

5. Presentations given at industry-sponsored seminars to industry professionals (such as NAVA or ACLI seminars/conferences). Such presentations can typically be considered as internal or non-public communications. This does not excuse compliance disclosure requirements for non-public communications, but generally avoids regulatory filing requirements for public communications. Consult with an Ad Review Committee member with questions about particular situations.

B. Media Participation (radio call-in shows, interviews, newspaper/magazine articles, etc.)
Appearance and participation in more 'journalistic' media can be great methods of promotion, but they also tend to raise public expectation about the Enterprise and its representatives. Prospects seeking out representatives of companies as a result of positive media participation tend to expect a higher standard of care and 'trust' of such individuals.

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Media participation can be scripted (example: prepared newspaper/magazine articles) or unscripted (example: radio call-in shows, interviews).

1. Media participation is still communication that is subject to the Advertising Review Process, including prior review wherever possible.

2. Unscripted media participation which does not lend itself to prior Advertising Review Committee review of content should use the following safeguards and process:

   - Provide advance notice of the appearance to the Advertising Review Committee wherever possible.
   - Tape visual/audio media participation and obtain copies of printed interviews/quotes wherever possible and provide them to the Advertising Review Committee.
   - Follow content standards for Advertisements.
   - Provide general advice and comments only and avoid discussions of specific financial/insurance problems or solutions without advising that it is difficult to provide specific advice about products or solutions without meeting with a client and determining their specific need, and individuals should consult with their own qualified [insurance][tax][legal] advisor about their unique situation.

C. Vendor and Independently Prepared Material

1. IS subject to our Advertising Review Process even if it has 'passed' compliance or received a regulator's approval for use by the preparing entity. *(Example: material created by another broker-dealer or mutual fund company that has already received NASD approval by them.)* Such material may be viewed differently in our context and may require independent regulatory filing by us prior to use.

2. Must receive permission from the person/entity creating the material before using it in our context.

3. Obtain copy of any regulatory review letter (such as the NASD comment letter) received by the independent entity.

D. The Role of Field Distributors in the Advertising Review Process

Sales & Marketing Material ideas may originate in the field. How do those materials get submitted to the Advertising Review Process?

1. Most material created by field distributors should be submitted to the internal home office department they already have relationships with which is able to shepherd the material into and through the Advertising Review Process. *(Depending upon the field distributor, this internal department may be the Individual Sales and Development department or "SMART" department - Strategic MARketing and Technology, or the Group Marketing and Training department.)* Field distributors should not directly submit materials into the Advertising Review Process.

2. Material created by an Ameritas Investment Corp. representative that does NOT involve an Ameritas Acacia insurance product but is otherwise required to be submitted to AIC for AIC principal review and approval may be submitted directly to the AIC reviewing principal.

E. Field Recruiting Material

Field recruiting material is generally considered "Advertising" for purposes of content standards. Exceptions where usual Advertising content standards don't apply or vary:

1. Where no company or product is identified, there may be latitude for general comparative language as long as it is not disparaging of any one company, the industry in general, and dos not create Enterprise channel conflict. Such material is generally not subject to the formal Advertising Review Process.

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2. Types of products and services available are listed without identifying the issuing company. As long as its only a list, usual required disclosure is not necessary. *(Example: the so-called 'blind' recruiting ad.)*

VII. RECORDS REQUIREMENTS

A. Advertising Originators

Ad Originators are required to retain all documents which are directly or indirectly related to the creation and use of Sales & Marketing Material, including its submission to the Advertising Review Process. Such documents should include substantiating information regarding factual claims made in Sales & Marketing Material as well as regarding testimonials and use of proprietary information.

B. Advertising Review Administrator

The Advertising Review Administrator shall maintain all files regarding Sales & Marketing Material as are necessary to comply with applicable regulatory requirements.

VIII. SOME REQUIRED DISCLOSURES

The specific language for disclosures shown below is current only as of the date these Policies and Procedures were published. Since the regulatory environment is fluid, required specific language may change slightly over time and new sample required disclosures may be added. Current versions of required disclosures can be found on the Enterprise Intranet Communities site for "Ad Review."

A. General

GENERAL CASH VALUE LIFE INSURANCE DISCLOSURE.
Permanent life insurance is a long-term investment.

DISCLOSURE WHEN PRODUCT GUARANTEES ARE MENTIONED
Policy guarantees are based upon the claims paying ability of the issuer.

RATINGS
Ratings must always be accompanied by information identifying our rating in the overall ratings scheme, plus disclosure about what the rating represents. One cannot just show the rating. Example: "A.M. Best Rating Ag, Excellent (3rd highest of Best's 15 ratings for financial strength and operating performance)" In variable product material, must also disclose that "ratings do not apply to assets in the variable investment options."

GUARANTEES
"Guarantees are subject to the claims paying ability of [the insurance company]." *FOR VARIABLE PRODUCTS ONLY, ALSO ADD:* "... and do not apply to the investment performance of the underlying investment options available to you with this product."

WITHDRAWALS AND LOANS *(life insurance)*
Withdrawals and loans will reduce available death benefit. Withdrawals beyond basis may be taxable income. Excessive and unpaid loans will reduce policy value and may cause the policy to lapse.

WITHDRAWALS AND LOANS *(annuities)*
Withdrawals and unpaid loans prior to age 59½ may be result in federal tax penalties.

RIDERS
Optional provisions and riders have limitations, restrictions and additional charges except where noted.

DISCLOSURE FOR BANK DISTRIBUTION OF INSURANCE & SECURITIES PRODUCTS
Not FDIC Insured. No financial institution guarantee. May lose value.

REPLACEMENTS
There may be penalties and surrender charges when replacing coverage, which can be substantial. *(Also, if the promoted new product includes new surrender charges or contestability period, must disclose.)*

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USE OF TAX-DEFERRAL EXAMPLE CHARTS

Use a reasonable federal income tax rate and reasonable constant earned interest rate. Include all relevant product charges that are possible; identify those charges not included in the hypothetical calculation. When illustrating a taxable vs. a tax-deferred investment over a several decades (20-30 years), include this disclosure at least immediately beneath the chart (not as a footnoted disclosure):

"[Identify the charges included in the calculation.][Identify the charges not included in the calculation as a part of this disclosure: "The following charges were not reflected in the hypothetical example, above, and would reduce the performance of the tax-deferred investment if they would have:[identify the charges]."] Lower maximum tax rates on capital gains and dividends would make the investment return for the taxable investment more favorable. Investors should consider their personal investment horizon and income tax brackets, both current and anticipated, when making an investment decision. It is likely an investor's tax bracket would change over time."

WHENEVER TAX OR ESTATE PLANNING STRATEGIES ARE DISCUSSED

Any information provided regarding [tax] [estate planning] should not be considered tax or legal advise. Consult your own tax professional or attorney regarding your unique situation.

SEMINAR HOSTED BY 'US' WHERE NON-ENTERPRISE SPEAKERS APPEAR

This seminar is for informational purposes only. The speakers and presenters appearing at this seminar are solely responsible for the content of their presentations and may not necessarily represent the opinions of [The Ameritas Acacia Companies] or affiliated companies. Neither The Ameritas Acacia Companies nor any of its representatives are in the business of giving tax, legal or accounting advice. Attendees should consult with their own accounting, tax or legal professionals to determine action appropriate for their unique situation.

Similar Disclosure should appear on any printed binder of speaker materials to be handed out at such seminars.

SEMINAR HOSTED BY 'US' WHERE ONLY ENTERPRISE SPEAKERS APPEAR

This seminar is for informational purposes only and will cover a variety of topics examining the role insurance and other financial products may play in financial decisions. Although many of the topics presented may also involve tax, legal, accounting or other issues, neither [The Ameritas Acacia Companies" nor any of its representatives is in the business of giving tax, legal or accounting advice. [You][You and your clients] should consult with their own accounting, tax or legal professionals to determine action appropriate for their unique situation.

Similar Disclosure should appear on any printed binder of speaker materials to be handed out at such seminars.

Variable Products

GENERAL VARIABLE PRODUCTS OR SECURITIES (if variable products are not mentioned)

DISCLOSURE. *Typically immediately precedes the Prospectus Offer. Must be included anytime content says more about a security other than simply list it.*

[Variable life insurance and variable annuities][Securities] include risk of loss, including principal.

VL INSURANCE

Variable life insurance is a long-term investment.

PROSPECTUS OFFER.

Must be in a font size as large and as prominent as, but different from, most of the ad text. Generally, we're seeing it in the italic version of the surrounding font.

Before investing, carefully consider the investment objectives, risks, fees, and other important information about the policy issuer and underlying investment options. This information can be found in the policy and investment option prospectuses. You can obtain copies from us. Read the prospectuses carefully before investing.

DOLLAR COST AVERAGING

Do NOT say Dollar Cost Averaging "lowers volatility."

Dollar cost averaging involves continuous investing regardless of price levels. Although its goal is to lower the investor's average portfolio cost, it does not assure a profit and does not protect against loss in declining markets.

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PORTFOLIO REBALANCING / EARNINGS SWEEP

These programs do not assure a profit and do not protect against loss in declining markets.

PAST PERFORMANCE

Past performance does not guarantee future results; current performance may be higher or lower than that quoted.

VL HYPOTHETICAL ILLUSTRATIONS *(must immediately precede the illustration)*

The illustration below shows how the performance of the investment options could affect the policy cash value and death benefit. The illustration is hypothetical and does not project or predict investment results.

MODEL ASSET ALLOCATION

Asset allocation models recommend investment allocations determined to be consistent with an investment risk profile. The investor chooses whether or not to implement a model and subsequent recommended allocation changes. Implementation does not guarantee a profit or protect against a loss.

MONEY MARKET PORTFOLIO

Must be in a font size as large and as prominent as, but different from, most of the ad text. Generally, we're seeing it in the italic version of the surrounding font.

An investment in money market investment options is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Money market investments seek to preserve the value of your investment at $1.00 per share, but include risk of loss, including principal.

USE OF HYPOTHETICAL ILLUSTRATION OF THE IMPACT OF LOWER FEES ON ACCUMULATION

Must use hypothetical investments, not actual investments. Must fully disclose assumptions used. Must show the impact over multiple time horizons, as just showing it at 20 or 30 years may be misleading if most investors typically hold the investment (such as a variable annuity) less than 10 years. Consider showing at least durations 1, 5 or 10, and 30 years. Durations should be clearly labeled in any chart. Label the chart: "Hypothetical Accumulation Example." Include this disclosure: "This is a hypothetical example for illustrative purposes only. Actual rates of return will vary over time for most long-term investments. But, it does illustrate the difference lower expenses can make."

IX. SUMMARY OF APPLICABLE REGULATIONS

A. States

Most states have adopted some form of these NAIC Model Regulations: Advertisements of Life Insurance and Annuities Model Regulation, and Advertisements of Health and Sickness Model Regulation. In addition to general requirements that ads be accurate, not misleading, complete, etc., most states also require the following:

- Fully identify the kind of insurance being offered – variable life insurance, group dental or vision, group annuity contract, etc. Don't just call it by the product's marketing name or by abbreviations only – VL, VA, term, etc. (with the possible exception that it may sometimes be appropriate that internal-use only materials use only abbreviations or marketing names).
- Identify the issuing insurer by its full name near the beginning or on the first page of the advertisement. Some states require that the home or principal office address of the insurer be identified.
- Prohibit use of investment terminology with non-variable insurance products.
- Increasingly, states are adopting advertising and marketing practice restrictions giving greater protection to elderly members of the public.

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- Several states require advertising to be filed with the state insurance department in advance of or for approval prior to first use. Several states also have unique terminology and disclosure requirements.

B. NASD

1. NASD regulations can be broadly stated and susceptible to interpretation and fluctuating needs of the current regulatory environment, so some guidelines tend to change over time although the regulation may not, and are based upon experience. Consultation with a Compliance or Law Advertising Reviewer is suggested.

2. Principal Rules: Rule 2210, Communications with the Public
   IM-2210-1, Guidelines to Prevent Misleading Communications
   IM-2210-2, Communications about VL and VA Products
   IM-2210-3, Use of Rankings in Ads and Sales Literature
   Rule 2211, Institutional Sales Material and Correspondence

3. All "Advertisements" must be reviewed and approved by the Ameritas Investment Corp. principal Advertising Reviewer prior to use. AIC may establish policies and procedures for "Institutional Sales Material" to be used

4. The offering member company (Ameritas Investment Corp.) must be identified at least as prominently as most of the text in the communication piece.

5. The NASD can conduct spot check audits of any public use or internal use communications at any time, and does.

6. Generally, internal use materials are subject to the same content and disclosure requirements as public use materials. Limited exceptions are allowed to the extent the audience for internal use materials (such as affiliated registered reps) can be assumed to already have some knowledge about the product, can be assumed to have a more sophisticated understanding about the product and securities generally, the material is such that it is not reasonable to assume it would be used with the public and it is not misleading or exaggerated about the product, or the material is clearly focused on educating representatives about our product (so qualifies as "Institutional Sales Material").

C. SEC

1. Principal Rules: 1933 Act, Rule 134, Communications Not Deemed a Prospectus
   1933 Act, Rule 135a, Generic Advertising
   1933 Act, Rule 156, Investment Company Sales Literature
   1933 Act, Rule 482, Ads by Investment Companies
   1940 Act, Rule 34b-1, Sales Literature Deemed to be Misleading

2. Rule 134 defines the kinds of communications about securities which do not require the prior or concurrent provision of a prospectus. Rule 134 also includes the requirement that a prospectus be offered (the "prospectus offer" disclosure language).

3. Rule 135a defines advertising that need not include a prospectus offer or AIC disclosure; e.g. the 'laundry list' exception where the ad only lists the kinds of services provided without ANY additional copy describing or promoting securities.

4. Rule 156 requires any sales literature to not be misleading; e.g., it cannot be incomplete, unbalanced, exaggerated, in describing a security or comparing it to other products. Defines 'sales literature' broadly to include internal communications which can be reasonably expected to be used directly, or indirectly to impact written or oral communications to the public (so could include training material).

5. Rule 482 was changed in late 2003. Rule 482 is the source of most of the required disclosures in securities advertising, such as the requirement to advise of risks, disclose expenses, identify the source from which a prospectus can be obtained, and performance disclosures.

6. Rule 34b-1 generally references other SEC requirements for various performance and yield representations. The absence of any such requirements is deemed misleading.

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THE AMERITAS ACACIA COMPANIES℠

ADDENDUM F

THE AMERITAS ACACIA COMPANIES
PRIVACY PROTECTION STATEMENT

IMPORTANT

PRIVACY CHOICES

OUR PRIVACY COMMITMENT TO YOU

The Ameritas Acacia Companies value your trust. That is why we are committed to protecting your personal information. This Notice explains the way we use and protect your personal information. You do not need to take any action but you do have certain rights that are described in this Notice.

THE AMERITAS ACACIA FAMILY OF COMPANIES

This Notice is provided on behalf of the following Ameritas Acacia Companies:
Ameritas Life Insurance Corp.
Acacia Life Insurance Company
Ameritas Variable Life Insurance Company,
The Advisors Group, Inc.
First Ameritas Life Insurance Corp. of New York
Ameritas Investment Advisors, Inc.
Ameritas Investment Corp.

In addition to those listed above, our family of companies includes Acacia Federal Savings Bank and Calvert Group, Ltd., a mutual fund company.

INFORMATION WE COLLECT

Information allows us to serve you. Collecting information about you allows us to conduct routine business functions such as:

- Opening your accounts;
- Underwriting your policies;
- Providing you with customer service; and
- Paying your claims.

The types of personal information we collect about you depends upon the products or services you have applied for or purchased but may include the following:

- **Personal identification and contact information** such as your:

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- Name;
- Address;
- Telephone number;
- Social Security number;
- Marital status;
- Date of birth; and
- Employment status.

♦ **Financial information** such as your:
- Assets;
- Income; or
- Credit history; and

♦ **Health information** such as your medical history so that we can:
- Underwrite your life insurance products; and
- Process your life, dental and eye-care claims.

HOW WE GATHER YOUR PERSONAL INFORMATION

Most of the information we collect about you comes directly from you. You give us personal information when you apply for our products and services. We also may receive information from:

♦ Your agent, broker or employer who helps you initiate and service your policy;

♦ Your health care providers so that we can underwrite your policy and process your claims;
♦ Your other insurance carriers with whom we coordinate benefits;
♦ Governmental agencies; and
♦ Independent reporting agencies.

HOW WE USE AND SHARE YOUR PERSONAL INFORMATION

Your Financial Information Within the Ameritas Acacia Family of Companies

We may share your information within our family of companies so that we can:

♦ Provide you service;
♦ Design and improve our products; and
♦ Offer you other products and services that may benefit you.

In most states the law allows us to share your information within our family of companies. You may not opt-out of these disclosures. We will only share your information within our family of companies as permitted by law. We do not share your credit information (as defined by the Fair Credit Reporting Act) within our family of companies or with third parties.

Your Financial Information Outside the Ameritas Acacia Family of Companies

The Ameritas Acacia Companies do not sell or share your information with outside marketers. However, we may share your information outside of our family of companies for the following reasons:

♦ **Service Providers.** We may share information about you with service providers. Service providers are unrelated companies who perform business transactions for us. For example, we may hire another company to process some of our claims. We require service providers to keep your information confidential. We prohibit them from using your information for their own purposes or re-disclosing it to anyone. Disclosures to service providers are a part of our business operations. You may not opt-out of these disclosures.

- **Required by Law.** Sometimes the law *requires us* to share customer information such as in response to a valid summons, court order, search warrant or subpoena. We must comply with the law and therefore you may not opt-out of these disclosures.

- **Agents and Brokers.** We may share your information with your agent or broker so that they may provide you with efficient and superior service. Your agents and brokers understand the importance of your privacy and they are required by law to maintain your privacy and safeguard your information. We require our agents and brokers to follow our policies in order to keep your personal information private and secure. You may not opt-out of these disclosures.

- **Joint Marketing.** [1] We may share your name and address with other unrelated financial companies with whom we have a joint marketing agreement so that we can provide you with information about other products and services such as our Ameritas Acacia Companies sponsored credit card. Federal law and most state laws[2] allow us to share your information with other financial companies under joint marketing agreements without giving you an opportunity to opt-out. We allow you to opt-out of this type of sharing because we want you to have the choice. **(For instructions on how to opt-out see "Opting Out" section of this Notice).**

Your Health or Medical Information

We will not release your medical or health information to anyone unless we are permitted or required by law to do so. When we are not permitted or required by law to disclose your health or medical information, we will not do so without your written authorization.

Examples:

Permitted by Law: The law ***permits*** us to exchange information with your health care provider in order to process your claims and facilitate payment.

Required by Law: The law ***requires*** us to disclose your information under a valid court order.

YOUR RIGHTS

- You have the right to receive a copy of this Notice at least once each year while you are our customer. This Notice is also available on all of our websites. You may request an additional copy by writing, e-mailing or calling the Ameritas Acacia Companies Privacy Office as indicated at the end of this Notice.

- You have the right to review the information that we have about you. You must make this request in writing and include your full name, address and policy or account number. We may charge you a reasonable fee for the copies you request.

- You have the right to request that we make corrections to the information that we maintain about you if you believe that our records are incorrect. All requests must be in writing.

OPTING OUT

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[1] Group Dental and Eye Care and Retirement Plans customer information is not shared. Therefore, the "Opt-Out" provisions do not apply to Plan Sponsors or plan participants.

[2] If your state of residence requires us to obtain your permission, you are automatically opted-out and your name and address are not shared.

We respect your personal choices. That is why we offer you an opt-out even when the law does not require us to do so. If you would prefer that we not share your personal information for joint marketing purposes you may opt-out by calling us toll-free at 1-888-284-7844. If you have previously opted out of receiving joint marketing communications, you do not need to do so again. You will remain "opted out" until such time when you notify us in writing that you desire to be taken off the "Opt Out" list. We will apply your opt-out to all owners of your Ameritas Acacia Companies policy or account. Therefore, there is no need for joint owners to separately opt-out. If you own more than one Ameritas Acacia product, your opt-out will apply to all the products you own with us.

Special Note to our Group Dental and Eye Care Plan Sponsors and Participants: Our Group Dental plans and our Group Eye Care plans must also comply with the privacy requirements of the Health Insurance Portability and Accountability Act (HIPAA). Our Notice of Protected Health Information Practices more specifically describes our privacy policies with regard to your information. You may contact our Privacy Office to request an additional copy.

WE SAFEGUARD YOUR PERSONAL INFORMATION

We maintain physical and electronic safeguards for the protection of your personal information. We restrict access to your information to our employees and agents who need it to perform their jobs. Our employees and agents understand the importance of these safeguards. We have trained them in the proper handling of your personal information.

FORMER CUSTOMERS' PERSONAL INFORMATION

The policies and practices described in this Notice apply equally to current and former customers. When you are no longer a customer, we will maintain your information for the period of time required by law and then it is destroyed. As a former customer, however, you will not receive our annual Privacy Notice.

OUR PRIVACY POLICIES

This Privacy Notice summarizes The Ameritas Acacia Companies' Official Privacy Policy, which became effective on July 1, 2001. We are required by law to send you our Privacy Notice at least once each year. This Notice complies with all applicable laws and regulations. If your State's privacy law requires more restrictive practices than those described in this Notice, we will apply the more restrictive practices to your information. We may make changes to our Privacy Policies from time to time. However, if we make a change that impacts the accuracy of the sharing practices that are explained in this Notice, we will provide you with a revised Privacy Notice within thirty days.

You may contact us at:

The Ameritas Acacia Companies

Privacy Office

P.O. Box 81889

Lincoln, NE 68501-1889

1-888-284-7844

privacy@ameritas.com.

THE AMERITAS ACACIA COMPANIES℠

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ADDENDUM G

OSJ BOOKS AND RECORDS

1. Monthly Transaction Blotter
2. Individual Client Files
3. Approved Correspondence File
4. Incoming Correspondence File
5. Office Complaint File
6. Advertising File
7. Do-Not-Call File
8. Letterhead/Business Card File
9. Exception Report File
10. Signature Guarantee Stamp Log
11. Non-Registered Personnel File
12. Office Inspection File

The most recent version of the forms listed in Addendum G can be found on the tools4you.com website under the heading "Forms, Compliance."

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MONTHLY TRANSACTION BLOTTER

WHAT

Form AIC 16 Rev. 7/01

The Monthly Transaction Blotter is required to be maintained by each registered representative on a daily basis recording all securities transactions including applications for variable life and variable annuity policies.

If the registered representative physically works out of a branch office or Office of Supervisory Jurisdiction (OSJ), the Monthly Transaction Blotter will be created and maintained at the branch office or OSJ. If the registered representative works out of a detached office, he/she will be responsible for creating and maintaining and submitting his/her separate Monthly Transaction Blotter to the Supervising Principal of the OSJ.

MONTHLY

By the 1st of the month, the registered representative (or the RR in charge of the Branch Office) should review the Monthly Transaction Blotter, initial it and a copy should be sent to the Supervising Principal of the OSJ. The Supervising Principal is responsible for reviewing all Transaction Blotters for business transacted through the OSJ. The OSJ must send copies of all Monthly Transaction Blotters to the Compliance Department of AIC. Reports received after the close of business on the 15th will be considered late and the rep will be charged a fine per occurrence.

FILE RETENTION

A file containing a monthly report for each month in the year is required to be maintained in the OSJ and branch office or by a registered representative working out of a detached office. Each January 1, a new folder must be started for the current year. Folders must be retained in the OSJ, the branch office and in the individual registered representative's file for a six year period.

FILING INSTRUCTIONS

A copy of this memo should be kept in your Monthly Transaction Blotter File.

For sample of form see AIC Compliance Policies and Procedures Manual Appendix C.

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INDIVIDUAL CLIENT FILES

WHAT

OSJ Client Files - The OSJ is required to maintain an individual client file for each policyholder or investor who has transacted securities business through the OSJ.

Branch Office Client Files - Each individual policyholder or investor should have a separate client file. This file should contain ***only*** items relating to securities. If the individual also has a traditional policy, there should be a separate client file for the traditional insurance products. You should not commingle securities transaction files with traditional insurance products.

INVESTMENT ADVISER FILES- Separate and distinct files must be maintained for investment advisory activity by the OSJ, Branch Office and Registered Representative.

WHAT SHOULD THEY CONTAIN

Individual Client Files, at a minimum, should contain the following:

- New Account Form
- Suitability Information
- Copy of insurance application
- Copy of check for first premium / payment
- Confirmation statements
- Copies of Quarterly & Annual Reports
- Copies of securities related correspondence

It is necessary to retain the confirmation statements since neither the quarterly statements or the semi-annual or annual reports capture the same detail.

Quarterly and annual reports can be maintained in a separate file for all clients, filed alphabetically and organized in a chronological maner.

FILE RETENTION

Client files must be maintained for six years following the time an individual closes his/her account.

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APPROVED CORRESPONDENCE FILE

WHAT

Each Office of Supervisory Jurisdiction (OSJ), Branch Office and each registered representative is required to maintain a ***Correspondence File*** folder for approved solicitation correspondence.

Each piece of solicitation correspondence involving variable life, variable annuities, mutual funds or other securities must be approved by a Designated Principal of AIC in the home office Compliance Department prior to use. An approved copy must be kept in the Correspondence File. The approved copy must carry the initials of the approving principal plus the date of approval. A copy of the correspondence should also be placed in the individual client files (The OSJ, Branch Office client file and the agent client file).

HOW TO SUBMIT FOR REVIEW

All correspondence must be submitted ***on the exact letterhead*** that will be used for the letter. This is to determine that the broker/dealer and registered representative are properly identified.

Each piece of correspondence requiring review should be FAXED to Ameritas Investment Corp. Compliance Department at 402-325-4212.

APPROVAL PROCESS

Solicitation correspondence should be submitted to either the OSJ or the Home Office Compliance Department for review. Either an approved copy with the initials of the reviewing principal and approval date will be FAXED back to the submitting office ***or*** a request for revision will be returned by FAX. If a revision is requested, it should be submitted again by FAX and the above process will be repeated until an approved copy is obtained.

FORM LETTERS

Any form letter (a solicitation letter being sent to ***two or more*** individuals) involving variable life, variable annuities or mutual funds must be submitted to the NASD for review prior to being used. This process costs a minimum of $100 and can take up to 8-12 weeks. If it is necessary to create a separate letter and submit it to the NASD, please call the AIC Compliance Department to discuss the submission and the timing required. It is strongly recommended that you do not create your own form letters but use an existing pre-approved letter.

INTERNET E-MAIL

Ameritas Investment Corp. provides RRs with the opportunity to correspond to clients via e-mail through a specially designed e-mail server. Contact with clients via e-mail can only be made using the username and password provided by AIC Sales Support. Registered representatives are not permitted to correspond with clients using any other e-mail server.

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FILE RETENTION

There must be a Correspondence File for each calendar year. Correspondence Files must be retained in the branch office for a period of no less than two years, and then in a location offsite that is reasonably accessible.

FILING INSTRUCTIONS

A copy of this memo should be kept in your Correspondence File Folder.

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INCOMING CORRESPONDENCE FILE

WHAT

AIC 229 Rev. 7/01

The Incoming Correspondence File is required to be maintained by each registered representative who does not work out of an Office of Supervisory Jurisdiction (OSJ).

Personal incoming securities and variable life/annuity correspondence (junk mail, advertisements, mail sent to you by Ameritas, reply cards with basic information are excluded) must be recorded on the Incoming Correspondence Log daily as it is received. Photocopies of the correspondence must be taken and on the last working day of the month, branch offices and detached registered representatives will send the Log and photocopies to the supervising OSJ.

OSJs will be responsible for maintaining monthly Incoming Correspondence Files and Incoming Correspondence Logs for the OSJ as well as all branch offices and detached registered representatives for which is responsible.

WHEN

On the last working day of the month, branch offices and detached registered representatives must send photocopies of incoming correspondence and the Incoming Correspondence Log to the supervising OSJ. The RR or the RR in charge of the Branch Office should review the log, initial it, and a copy should be sent to the supervising Principal of the OSJ and the Compliance Department of AIC, no later than the 15th of the following month. Reports received after close of business on the 15th will be considered late and the rep will be charged a fine per occurrence.

FILE RETENTION

Incoming Correspondence Files and Log must be retained for a period of three years by the OSJ, branch office, and detached registered representative.

FILING INSTRUCTIONS

A copy of this memo should be kept in your Incoming Correspondence File.

ACC001573
FILE #8451

OFFICE COMPLAINT FILE

WHAT

Form AIC 14 Rev. 7/01

A ***Complaint File Folder*** is required to be maintained in the OSJ, any Branch Offices and in each registered representative's detached office. This file should contain copies of correspondence received regarding any consumer complaint. Each complaint should have Form AIC 14 completed and attached to the file. The Summary of Complaint portion of the form should be updated to reflect the disposition of the complaint.

Form AIC 14 will show when the complaint was received, the type of complaint, what type of security is involved, and the name and address of the complainant. As additional correspondence develops, a copy should be added to the material already in the complaint file and the complaint summary in the lower half of the form should be updated.

If the complaint was initially received by the registered representative, photocopy the complaint for the file and immediately send the original to the AIC Compliance Department. If the complaint was received initially in the home office, copies of the correspondence will be sent to the OSJ, Branch Office or registered representative.

If sent to the OSJ or Branch Office, copies should be made for the Complaint Folder and copies should be forwarded to the registered representative.

On receipt, a complaint file should be established and Form AIC 14 should be attached. As additional correspondence is received, it should be added to the established file in the complaint folder and the Summary of Complaint Section of the Complaint Log should be updated.

The ***Complaint File Folder*** is a separate file in addition to the individual Client File. All complaint correspondence should also be filed in the individual Client File located in the OSJ, Branch Office and in the registered representative's office.

FILE RETENTION

The Complaint Folder should be maintained by calendar year and retained in the OSJ, Branch Office and registered representative's files for a period of six years.

FILING INSTRUCTIONS

A copy of this memo should be kept in your Complaint Folder.

ACC001574
FILE #8451

ADVERTISING FILE

WHAT

CD 270 Rev. 7/05
CD 271 Rev. 7/05

Each Office of Supervisory Jurisdiction (OSJ), Branch Office and each registered representative of AIC not physically working out of an OSJ or Branch Office is required to maintain an ***Advertising File*** for approved advertising. All advertising and sales literature not created and published by AIC or AVLIC, must be submitted to the AIC Compliance Department for review prior to use. Advertising includes material for Yellow Pages as well as Web Pages for the Internet.

Each piece of advertising or sales literature should carry the following information:

- Initials of approving AIC Principal
- Date of approval
- Where advertisement was/is being used
- Date advertisement was used

Advertisements promoting investment company products (mutual funds, variable life, variable annuities)will need review by NASD Advertising Regulation in Washington, D.C. This process takes several weeks and has a minimum charge of $100 so it is wise to plan ahead and give the AIC Compliance Department a call when planning such material.

FILE RETENTION

There should be an ***Advertising File*** for each calendar year. Advertising File folders must be retained for three years.

FILING INSTRUCTIONS

A copy of this memo should be kept in your Advertising File Folder.

ACC001575
FILE #8451

DO-NOT-CALL FILE

WHAT

Federal guidelines indicate that cold calls to prospects are not to be made before 8:00 a.m. or after 9:00 p.m. at the called prospect's location. The prospect must be supplied with ***(1) the name of the individual making the call, (2) the name of the company being represented and (3) the telephone number and address of the caller.*** In addition, if the prospect requests that no further calls be made, a record must be kept and forwarded to the Compliance Department of Ameritas Investment Corp. where a centralized listing will be maintained.

Each OSJ, Branch Office and Registered Representative is required to maintain a record of individuals who have requested to be placed on the ***Do - Not -Call Listing.***

FILE RETENTION

The Do-Not-Call listing must be maintained on a continuing basis in the OSJ, branch office and registered representatives files.

FILING INSTRUCTIONS

A copy of this memo should be kept in your Do-Not-Call Listing folder.

ACC001576
FILE #8451

LETTERHEAD / BUSINESS CARD FILE

WHAT

There are very specific requirements for the information that can appear on letterhead and business cards. In addition, there are specific requirements for the manner in which the information is shown.

Broker/Dealer - Letterhead and business cards must clearly identify the name and address of the NASD member Broker/Dealer. If a non-member entity is also shown on the letterhead or business card, there must be a clear delineation of the products offered by each entity and the relationship of the registered representative to both the NASD member Broker/Dealer and the non-member firm must be clear.

Established standards exist for the creation of letterhead stationery and business cards. The following titles may not be used:

- Investment Advisor
- Investment Counselor
- Investment Manager
- Investment Planner
- Money Manager
- Financial Counselor
- Financial Planner

Where a registered representative is an Investment Adviser Representative of Ameritas Investment Corp., the title of Financial Consultant may be used ***but only on Ameritas Investment Corp. letterhead and business cards.***

Each OSJ and Branch Office is reqired to maintain a ***Letterhead / Business Card*** folder with copies of the letterhead and business card for each registered representative who works out of the branch office.

All letterhead and business card formats must be approved by the Compliance Department of Ameritas Investment Corp. In addition to the OSJ and Branch Office files, a final copy of all letterhead and business cards must be maintained in the files of AIC.

ACC001577
FILE #8451

EXCEPTION REPORT FILE

WHAT

Each Office of Supervisory Jurisdiction (OSJ) is required to maintain files of Exception Reports. These reports must be reviewed and signed-off by the Designated Principal (Principal).

A Compliance Administrator conducts an overview of the Exception Report process. Various transactions identified on the reports are selected for follow-up review with the corresponding registered representative(s). The overview is designed to monitor the Principals to ensure adequate review and investigation of the reports with the registered reps. under their jurisdiction.

From this overview, a Compliance Administrator prepares a Monthly Summary Report for AIC's CEO, Chief Compliance Officer, Vice Presidents of Sales Support and the heads of each distribution line. The Summary contains: 1) details of the number of Principals receiving reports including the number of accounts reflected on the reports; 2) identifies Principals not responding to the reports within the stated time frame; 3) identifies increases and/or decreases in the number of transactions appearing on the reports; and, 4) describes a specific action plan(s) to address any trends and/or problems identified from the overview.

WHEN

Exception Reports are generated on a monthly basis, normally around the 20th of the following month, and distributed to each respective Principal with a cover memo, which includes a completion due date. Principals generally have three (3) weeks in which to conduct a review, perform investigation and sign-off as evidence of supervisory review.

If the reports are not received by the stated due date via fax or mail, a reminder call is made to those Principals and a notation of such is included in the Monthly Summary Report.

FILE RETENTION

Exception reports must be retained by the OSJ for a period of three years ensuring that the most recent two years is readily accessible on site. Every January 1, new files should be prepared for the current calendar year.

FILING INSTRUCTIONS

A copy of this memo should be kept in your Exception Report File.

For detailed information regarding each of the exception reports, see Addendum H in this manual.

ACC001578
FILE #8451

SIGNATURE GUARANTEE STAMP LOG

WHAT

FORM AIC 93 Rev 11/01

The Signature Stamp Log form must be maintained by each registered representative that has been issued a stamp under the STAMP Guarantee Program. The Logs line item must be completed in it's entirety when guaranteeing a document for a client. In addition, copies of the documents that were guaranteed need to be attached to the log and filed appropriately.

FILE RETENTION

A file containing the Log and copies of guaranteed documents needs to be maintained with the offices' Books & Records files. This file needs to be kept for the life of the stamp. Upon a representative's termination from AIC, the Stamp, Log and copies need to be returned to AIC.

FILING INSTRUCTIONS

A copy of this memo should be kept in your Signature Guarantee Stamp Log file.

ACC001579
FILE #8451

NON-REGISTERED PERSONNEL FILE

WHAT

Each Office of Supervisory Jurisdiction (OSJ) is required to maintain a file of for non-registered personnel. All non-registered individuals in your office who have access to mail, securities or handle checks must be fingerprinted and those cards must be sent to the Licensing Department for processing. The NASD will notify Licensing of any criminal matters that come back from the FBI; a Registered Principal in the Licensing Department will report those findings to you in written format. In the event the non-registered person terminates their employment with your office you must also notify the Licensing Department so they can terminate the fingerprint card on file.

This file should consist of the fingerprint card and reports provided to you the Licensing Department containing results of the FBI search.

FILE RETENTION

This information concerning non-registered fingerprint staff must be kept by your office for a period of no less than 3 years after each staff person's termination date per SEC rule 17f-2.

FILING INSTRUCTIONS

A copy of this memo should be kept in your Non-Registered Personnel File.

ACC001580
FILE #8451

OFFICE INSPECTION FILE

WHAT

Each Office of Supervisory Jurisdiction (OSJ) is required to maintain a file, which contains the written office inspection report(s) for those Branch and Non-Branch Office(s) for which responsible.

FILE RETENTION

A file containing the Branch Office and Non-Branch Office Inspection Report is required to be maintained with the office Books & Records files. The written report is required to be kept on file for a minimum of three years.

FILING INSTRUCTIONS

A copy of this memo should be kept in your Office Inspection File.

ACC001581
FILE #8451

ADDENDUM H

EXCEPTION REPORTS FILE

The following Exception Reports are generated on a monthly basis and distributed to you for review.

a. Active Account Report
b. Switch Report
c. Multiple Mutual Fund Purchase Report
d. Breakpoint Report
e. Class B Share Report
f. Redemption Report
g. 1035 Exchange Report

The purpose of the Exception Reports is to flag activity that warrants additional review. Simply because a transaction appears on the Report does not necessarily mean that it is inappropriate. It means that the circumstances of the transaction go beyond the normal established review standards. Further review by a General Securities Principal is necessary to determine the appropriateness of the transaction(s). The Exception Report(s) requires your review, investigation with registered representatives, as applicable, and your sign-off. Principals should make notations of the results of their investigation on the face of each report. Whenever possible, copies of any supplemental required documentation, such as Switch Letters, Mutual Fund Share Disclosures, Penny Stock Letters, etc. signed by the client, registered rep. and Principal should be included.

Please note that *each item* on the exception report *must be initialed* to indicate evidence of supervisory review. In addition, a signed copy of each report must be returned to the Compliance Department by the stated deadline as required.

To assist you in your review, a summary of each report including the criteria used to generate the transactions on the report, the purpose of each report and the expected action to be taken follows this guide.

Even though you do not supervise individual transactions as they occur, you are responsible for the overall supervision of registered representatives under yourjurisdiction. As a result, it is your responsibility to monitor the Exception Reports each month in accordance with the attached instructions.

ACC001582
FILE #8451

ACTIVE ACCOUNT REPORT

Criteria: This report identifies accounts that have generated $1,500 or more in gross commissions or have had 10 or more transactions over the last 30 days.

Purpose: The purpose of this report is to identify accounts with a high degree of activity. The focus should be to uncover patterns of questionable trading practices such as excessive trading, day trading, discretionary trading and churning. The activity should also be reviewed to the extent with which the supervising principal is comfortable of solicitation of investments. For example, the purchase of one particular stock or mutual fund in several different accounts could lead the supervising principal to ask if the investment is suitable for all the clients involved.

Action: The supervising principal should make inquiries of the registered representative of any unusual situations, resolve any non-conforming activities and document these actions. This documentation could include memos of telephone conversations with the registered rep, copies of correspondence to or from the rep or a simple notation and initial on the exception report. **In any case, however, the principal must initial each exception report affirming their review and acknowledgement of such report.**

ACC001583
FILE #8451

SWITCH REPORT

Criteria: The criteria for this report is both a liquidation and a purchase in the amount of $2,500 or more within different equity mutual funds, annuity or insurance companies over the prior 60-day period.

Purpose: The purpose of the report is to identify accounts with activity that may require a switch letter to be on file. Ameritas Investment Corp.'s (AIC) policy requires a switch letter whenever the source of funds to purchase equity mutual fund shares, variable annuity or variable life insurance is derived from another equity mutual fund, variable annuity or variable life insurance product, regardless of the length of time the investment has been held. The client, registered representative and the supervising principal must sign the switch letter

Action: The supervising principal should review each item on the report and determine if a switch letter is needed. If a switch letter is needed, the supervising principal should verify that a fully executed letter is on file. This would include signatures of the client, registered representative and supervising principal. If the activity was solicited, a reason for the liquidation of the previous investment and subsequent purchase of the new investment is needed. If it is discovered that a switch letter is not on file, it must be immediately obtained. It is AIC's policy for a switch letter to accompany the application and/or AIC-12 since the supervising principal does need to review the activity for suitability in order to determine that the transaction(s) is in the best interest of the client. If it is determined that for any reason a switch letter need not be obtained, that reason should also be documented on the report. **In any case, however, the principal must initial each exception report affirming their review and acknowledgement of such report.**

ACC001584
FILE #8451

MULTIPLE MUTUAL FUND PURCHASE REPORT

Criteria: This report reflects all purchase activity within accounts that executed purchases involving more than one mutual fund family

Purpose: This report is used to help identify possible patterns of breakpoint sales, letter of intent and rights of accumulation abuse.

Action: The review of transaction activity of accounts reflected on this report should involve analysis for any patterns that would circumvent the use of a letter of intent and breakpoint sales features of a fund family. Focus should be on purchases of like funds in different fund families and purchase amounts just under breakpoint values. The supervising principal should make inquiries of the registered representative of any unusual situations, resolve any non-conforming activities and document these actions. This documentation could include memos of telephone conversations with the registered rep, copies of correspondence to or from the rep or a simple notation and initial on the exception report. **In any case, however, the principal must initial each exception report affirming their review and acknowledgement of such report.**

ACC001585
FILE #8451

BREAKPOINT REPORT

Criteria: The criteria for this report is the greatest mutual fund purchase amount, the total dollars invested in a fund (greater than $50,000) and the next breakpoint level for activity over the prior 13-month period.

Purpose: The report is used to identify possible breakpoint sales abuse.

Action: The purchase amount, represented by the Max Investment Amount, and "Total Invested" amount shown on the report should be reviewed for individual or patterns of breakpoint sales abuse. The issue being that a client may benefit from a reduced sales charge by executing a letter of intent or by allocating assets to take advantage of a breakpoint. The supervising principal should make inquiries of the registered representative regarding: 1) any unusual situations; 2) resolve any non-conforming activities; and, 3) document these actions. This documentation could include memos of telephone conversations with the registered representative, copies of correspondence to or from the rep or a simple notation and initials on the report. **In any case, however, the principal must initial each exception report affirming their review and acknowledgement of such report.**

ACC001586
FILE #8451

CLASS B SHARE REPORT

Criteria: This report identifies purchases of class B shares in amount of $50,000 or more.

Purpose: This report is used to flag large purchases or patterns of large purchases of class B shares. The concern is whether clients are being advised of contingent deferred sales charges, structured deferral time period and higher expense ratios associated with class B shares. And also whether clients are being advised of the advantage of incurring reduced sales charges by purchasing class A shares.

Action: The supervising principal should make inquiries of the registered representative regarding: 1) any unusual or recurring situations; 2) resolve any non-conforming activities; and, 3) document these actions. This documentation could include memos of telephone conversations with the registered rep, copies of correspondence to or from the rep or a simple notation and initial on the exception report. **In any case, however, the principal must initial each exception report affirming their review and acknowledgement of such report.**

ACC001587
FILE #8451

REDEMPTION REPORT

Criteria: This report identifies redemptions of $25,000 or greater.

Purpose: This report identifies possible patterns which could lead to churning or circumvention of the switch letter policy.

Action: The supervising principal should make inquires into the activity if patterns develop or large redemptions recur. This report can be used with the Active Account Report and Monthly Transaction Blotters to determine the possibility of churning or circumvention of the switch letter policy. The supervising principal should make inquiries to the rep of any unusual situations, resolve any non-conforming activities and document these actions. This could include memos of telephone conversations with the rep, copies of correspondence to or from the rep or a simple notation and initial on the exception report. **In any case; however, the principal must initial each exception report indicating their review and acknowledgment of such report.**

ACC001588
FILE #8451

1035 EXCHANGE REPORT

Criteria: This report identifies 1035 Exchanges on AVLIC and outside variable companies.

Purpose: To identify 1035 exchanges on AVLIC policies, or commissions received on a 1035 exchange from an outside variable company which would require a switch letter to be on file. This report will also assist in determining any significant trends regarding 1035 exchanges.

- Action: The Supervising Principal should review each item on the report and make certain that a switch letter was received on the transaction. If it is discovered that a switch letter is not on file, it must be obtained immediately. It is policy for a switch letter to accompany the application or AIC-12 since the supervising principal does need to review the activity for suitability and determine if it is in the best interest of the client. The supervising principal should make inquiries to the rep of any unusual or reoccurring situations, resolve any non-comforming activities and document these actions. This could include memos of telephone conversations with the rep, copies of correspondence to or from the rep, copies of correspondence to or from the rep or a simple notation and initial on the exception report. **In any case; however, the principal must initial each exception report indicating their review and acknowledgment of such report.**

ACC001589
FILE #8451

Addendum I

Recruiting and Registered Representatives Hiring and Maintenance Standards

AIC will not accept candidates for registration if any of the following disciplinary events, circumstances, or involvement are present:

1. Felony Convictions of any nature within prior 10 years (including any Nolo Contendere and/or expungement involving felonies);
2. Felony Convictions (including any Nolo Contendere and/or expungement involving felonies) involving the following at any time:

   - Purchase or sales of any security
   - Breach of trust
   - the taking of a false oath
   - the making of a false report
   - bribery, perjury, burglary, larceny, theft, robbery, extortion
   - forgery
   - counterfeiting
   - fraudulent concealment, fraudulent conversion
   - embezzlement
   - misappropriation of funds or securities
   - a conspiracy to commit any of these offenses

3. Misdemeanor convictions including but not limited to:

   - Purchase or sales of any security
   - Breach of trust
   - the taking of a false oath
   - the making of a false report
   - bribery, perjury, burglary, larceny, theft, robbery, extortion
   - forgery
   - counterfeiting
   - fraudulent concealment, fraudulent conversion
   - embezzlement
   - misappropriation of funds or securities
   - a conspiracy to commit any of these offenses

4. Outstanding Tax Liens directly resulting from any form of tax evasion or failure to report income (Tax liens resulting from medical, divorce or family emergency must show evidence of a payment plan in place);
5. Bankruptcies (personal and/or corporate) within the prior 3 years will require that the individual's credit report shows either unchanged or improved statistical data, or the candidate provides other evidence of improvement which is acceptable to AIC, however, in either case, AIC will not rely solely upon the presence of a bankruptcy in its decision to not register a candidate;
6. Outstanding customer complaints, regulatory inquiries, formal regulatory investigations, investigative referrals and any expungement (outstanding means those matters that are still active, open, and unresolved);
7. Registered representatives who have been employed by more than 3 broker/dealers within the prior 5 years unless specifically approved in writing;
8. Individuals subject to lifetime statutory disqualification;

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9. Regulatory statutory disqualification or suspension of any form unless specifically approved by the Enterprise Hiring Committee;
10. Any individual or group of individuals who, if hired, would subject AIC to the Taping Rule as defined in NASD NTM 02-61. (The Taping Rule places burdens on b/d's that hire RRs who were employed by expelled firms. It requires that all telephone calls be taped for RR's who cold call if the b/d has a large number of registered persons who were previously employed by expelled firms.)
11. Individuals who may at the time of application or anytime thereafter become subject to heightened supervision (as determined by the Enterprise Hiring Committee) because of events that occurred while employed with a former broker/dealer*;
12. Individuals who at the time of application or anytime thereafter engage in any of the following outside business activities:

    a. Third party administrator; (unless approved by the Chief Compliance Officer);
    b. Expert witnessing (unless specific procedures are put into place and prior written consent is given by the Chief Compliance Officer);
    c. Acting as a Wholesaler for a non-affiliated company unless specifically approved in writing by the Chief Compliance Officer;
    d. Stock promotion;
    e. Transfer agent activities;
    f. Underwriting outside the scope of their relationship with the broker/dealer;
    g. Mortgage brokering or referring of clients if clients also intend on being customer's of the broker/dealer whereby funds derived from any mortgage transaction, directly or indirectly, funnel through to the broker/dealer for purposes of investment unless specifically approved in writing by the Chief Compliance Officer;
    h. Consultant to a publicly held company (in any capacity) outside the scope of the relationship with the broker/dealer;
    i. Any member of the board of directors or trustee of any registered or unregistered mutual fund, limited partnership, or other security or other pooling of assets unless such relationship is with an affiliated company;
    j. Trustee of any non-family trust;
    k. Structuring, brokering, or selling viatical, life or senior settlements;
    l. Acting in any capacity outside the scope of the RR's relationship with the broker/dealer that involves custody of assets not beneficially owned by the RR (ie., in charge of the paying the bills for the local church) unless approved by AIC;
    m. Acting, promoting, or venturing, directly or indirectly, any business that sells or markets telephone equipment, switches, or services;
    n. Acting in any capacity in a business venture not located in the United States;
    o. Certain multi-level marketing businesses or schemes.

There may be other circumstances involving disciplinary history or activities that may preclude a candidate from joining AIC. Depending upon the facts and circumstances of each situation, the Chief Compliance Officer shall make the final determination after consultation with the Enterprise Hiring Committee.

If a Registered Representative that is currently securities registered with AIC and any of the listed situations occur, please contact Maria E. Salinas Sherfflue, Chief Compliance Officer at 402-325-4089 for guidelines.

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* Examples of activities that may cause someone to be subject to heightened supervision may include but not be limited to the following:

- Any one or more affirmative response to any disciplinary question on the Form U4;
- Any explanation to a response on the Form U4 that cannot be substantiated to an acceptable degree;
- Patterns of customer complaints;
- Patterns of failure to follow instructions or inability or willingness to answer questions during the pre-hire period;
- Any U5 termination for cause;
- Any post hire investigation by a regulatory authority.

ACC001591
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ADDENDUM J

Ameritas Investment Corp.
Anti-Money Laundering (AML) Program:
Compliance and Supervisory Procedures
December 27, 2004

This supersedes the AIC AML Program established in April 2002 as amended May 2002; March, September and December 2003; and January and May 2004.

1. Firm Policy

It is the policy of the Firm to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities. The Firm will establish such policies and procedures reasonably necessary to detect, deter and prevent violations of money laundering rules and regulations established by governmental agencies or self- regulatory organizations.

Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the unlawful proceeds appear to have derived from legitimate origins or constitute legitimate assets. Generally, money laundering occurs in three stages. Cash first enters the financial system at the "placement" stage, where the cash generated from criminal activities is converted into monetary instruments, such as money orders or traveler's checks, or deposited into accounts at financial institutions. At the "layering" stage, the funds are transferred or moved into other accounts or other financial institutions to further separate the money from its criminal origin. At the "integration" stage, the funds are reintroduced into the economy and used to purchase legitimate assets or to fund other criminal activities or legitimate businesses. Terrorist financing may not involve the proceeds of criminal conduct, but rather an attempt to conceal the origin or intended use of the funds, which will later be used for criminal purposes.

2. AML Compliance Officer Designation and Duties

The Firm designates Raymond Gilbertson as its Anti-Money Laundering Program Compliance Officer, with full responsibility for the Firm's AML program. Raymond Gilbertson is qualified by experience, knowledge and training, including Broker/Dealer compliance duties, knowledge of Treasury, NASD and BSA rules and regulations and field work with Registered Representatives as well as being an attorney. The duties of the AML Compliance Officer will include monitoring the Firm's AML compliance, overseeing communication and training for employees, and working closely with AIC personnel in operations, compliance and supervision. The AML Compliance Officer will also ensure that proper AML records are kept. When warranted, the AML Compliance Officer, in consultation with the President of AIC and the AIC Compliance Officer, will ensure Suspicious Activity Reports (SARs) are filed. The AML

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Compliance Officer will also be the AML contact person for outside organizations, such as the NASD, SEC and U.S. Treasury. The AIC Compliance Officer will notify the NASD of any changes in the Firm's AML contact person.

3. Giving AML Information to Federal Law Enforcement Agencies and Other Financial Institutions

a. FinCEN Requests Under PATRIOT Act Section 314

Under Treasury's final regulations (published in the Federal Register on September 26, 2002), the AML Compliance Officer will respond to a Financial Crimes Enforcement Network (FinCEN) request about accounts or transactions by immediately searching the Firm's records, at its head office or at one of its branches operating in the United States, to determine whether the Firm maintains or has maintained any account for, or has engaged in any transaction with, each individual, entity, or organization named in FinCEN's request. The Firm has designated the AML Compliance Officer to be the point of contact regarding the request and to receive similar requests in the future. Unless otherwise stated in FinCEN's request, the Firm is required to search current accounts, accounts maintained by a named suspect during the preceding 12 months, and transactions conducted by or on behalf of or with a named subject during the preceding six months. If the Firm finds a match, the AML Compliance officer will report it to FinCEN by completing FinCEN's subject information form to FinCEN by electronic mail at sys314a@fincen.treas.gov, or by facsimile transmission to 703-905-3660. If the search parameters differ from those mentioned above (for example, if FinCEN requests longer periods of time or limits the search to a geographic location), the Firm will limit its search accordingly. The AML Compliance Officer will direct any questions the Firm has about the request to the requesting Federal law enforcement agency as designated in the 314(a) request. FinCEN's Financial Institutions Hotline is (866)-556-3974.

If the Firm searches its records and does not uncover a matching account or transaction, then the AML Compliance Officer will not reply to a 314(a) request.

The Firm will not disclose the fact that FinCEN has requested or obtained information from it, except to the extent necessary to comply with the information request. The Firm will maintain procedures to protect the security and confidentiality of requests from FinCEN, such as those established to satisfy the requirements of Section 501 of the Gramm-Leach-Bliley Act.

Unless otherwise stated in the information request, the Firm will not be required to treat the information request as continuing in nature, and will not be required to treat the request as a list for purposes of the customer identification and verification requirements. The Firm will not use information provided to FinCEN for any purpose other than (1) to report to FinCEN as required under Section 314 of the PATRIOT Act; (2) to determine whether to establish or maintain an account, or to engage in a transaction; or (3) to assist the Firm in complying with any requirement of Section 314 of the PATRIOT Act.

b. Sharing Information With Other Financial Institutions

The AML Compliance Officer will share information about those suspected of terrorism and money laundering with other financial institutions certified with FinCEN to share information for

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the purpose of identifying and reporting activities that may involve terrorist acts or money laundering activities. The AML Compliance Officer will file with FinCEN an initial certification before any sharing occurs and annual certifications afterwards. The AML Compliance Officer will use the certification form found at www.fincen.gov. The AML Compliance Officer will employ strict procedures both to ensure that only relevant information is shared, and to protect the security and confidentiality of this information, including segregating it from the Firm's other books and records and maintaining such information in a separate location in a secure environment.

The AML Compliance Officer will also share information about particular suspicious transactions with the Firm's clearing broker for purposes of determining whether one of the firms will file a SAR. When the AML Compliance Officer files a SAR for a transaction that has been handled both by the Firm and the clearing broker (Pershing, LLC), the AML Compliance Officer 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 the AML Compliance Officer filed a SAR concerning the clearing broker or one of its employees.

4. Checking the Office of Foreign Assets Control ("OFAC") List

Before opening an account, and on an ongoing basis, the Vice-President of Operations will check to ensure that a customer does not appear on Treasury's OFAC "Specifically Designated Nationals and Blocked Persons" List (SDN List) (See the OFAC website at www.treas.gov/ofac, which is also available through an automated search tool on www.nasdr.com/money.asp), and is not from, or engaging in transactions with people or entities from, embargoed countries and regions listed on the OFAC website. Because the OFAC website is updated frequently, the Vice-President of Operations will consult the list on a regular basis and subscribe to receive updates when they occur. The Vice-President of Operations may access these lists through various software programs to ensure speed and accuracy. The Vice-President of Operations will also review existing accounts against these lists when they are updated, and will document the review.

In the event that Vice-President of Operations determines 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, the AML Compliance Officer and the Vice-President of Operations will reject the transaction and/or block the customer's assets. Within 10 days of a blocked or rejected transaction, the AML Compliance Officer will file a blocked assets and/or rejected transaction form with OFAC and will also call the OFAC Hotline at 1-800-540-6322.

5. Customer Identification and Verification

The AML Compliance Officer has established, documented, and maintained a written Customer Identification Program (or CIP). Pursuant to the CIP, the Vice-President of Operations and/or the Registered Representative will, at a minimum: (1) verify, to the extent reasonable and practicable, the identity of any customer seeking to open an account; (2) maintain records of information used to verify a customer's identity; and (3) check that a customer does not appear

on government terrorist lists, such as the list on Treasury's Office of Foreign Assets Control (OFAC) website. In addition to the information the Registered Representative must collect under NASD Rules 2110 (Standards of Commercial Honor and Principles of Trade), 2310 (Recommendations to Customers -Suitability), and 3110 (Books and Records), and SEC Rule 17a-3(a)(9) (Beneficial Ownership regarding Cash and Margin Accounts), the Vice-President of Operations and/or Registered Representative will collect the following information before opening different types of accounts, including but not limited to cash, margin, stock loan, prime brokerage or repo accounts and sale of mutual fund shares or variable life/annuities, as set forth below.

a. Risk-Based Information On Various Account Types and Verification

The Vice-President of Operations and the Registered Representative will verify customer identity through documentary and non-documentary evidence. Based on the risk, and to the extent reasonable and practicable, the Vice-President of Operations will ensure that there is a reasonable belief that the Firm knows the true identity of its customers by using risk-based procedures to verify and document the accuracy of the information obtained about the Firm's customers. In verifying customer identity, the Vice-President of Operations, the Registered Representative (as needed), and the AML Compliance Officer (when necessary), will analyze any logical inconsistencies in the client information.

For any person, entity or organization who is opening a new account, the Registered Representative will, at a minimum, collect the information set forth in the subparagraphs to this paragraph. The Registered Representative will make every effort to have photocopies of the identifying information forwarded with the account opening documents. The Registered Representative recognizes that some documents are resistant to being copied and some circumstances may exist when copying such documents is not feasible. In those instances, the Registered Representative collecting the identifying information must see the documentation and accurately record the information, including the type of document and expiration date of the document.

The Vice-President of Operations will verify the information at the time new accounts are opened, if possible, but in most situations no later than five business days after opening. However, the Firm recognizes that there may be situations where even a five-day delay will be too long. Depending on the nature of the account and requested transactions, the Firm may refuse to complete a transaction before the Vice-President of Operations has verified the information, or in some instances when more time is needed, the Firm may restrict the types of transactions or dollar amount of transactions pending verification. The Vice-President of Operations will document the verification, including all identifying information provided by a customer, the methods used and results of verification, and the resolution of any discrepancy in the identifying information. The Vice-President of Operations will maintain those records for five years after the account has been closed or the customer's trading authority over the account has ended.

If the account holder lacks legal capacity (e.g. minor or entity that is not a "legal person" such as a club or civic organization), then the Firm will verity the information of the individual(s) opening the account and/or individual(s) who will have authority over the account.

(1) Individual Accounts – U.S. Citizens Residing Within the U.S. – The Registered Representative will collect the customer's: (i) name; (ii) mailing and residential (or principal place of business) street address; (iii) date of birth; (iv) unexpired driver's license, passport, or other government identification showing nationality, residence, and photograph or other biometric safeguard; and (v) Social Security number or taxpayer identification number (including U.S. tax forms) or confirmation that the customer has filed to obtain a taxpayer identification number before opening the account, and that the customer has received the taxpayer identification number within a reasonable period of time after the account is opened. Occasionally, circumstances may present where, on a case-by-case basis, the Vice-President of Operations may grant an exception to the 5.a.1.iv so long as the Vice-President of Operations uses reasonable non-documentary means to verify the customer's identify.

Verification of customer identity through the use of non-documentary evidence that verifies the customer's name and social security number is mandatory. Additional non-documentary evidence must be used in the following situations: (1) when the customer is unable to present an unexpired identification card with a photograph or other biometric safeguard; (2) when the documents the customer presents for identification verification are unfamiliar to the Firm; (3) when the customer and Firm do not have face-to-face contact; and (4) when there are other circumstances that increase the risk that the Firm will be unable to verify the true identity of the customer through documentary means. Under these circumstances, the Vice-President of Operations will use the following non-documentary methods of verifying identity:

- Contact the customer after the account has been opened (although customer contact cannot be a sole means for verification);
- Obtain financial statements from the customer;
- Compare information obtained from the customer against databases, such as Accurint, Equifax, Experion, Lexis/Nexis, or other in-house or custom databases;
- Compare information obtained from the customer with information available from a trusted third-party source (such as other financial institutions subject to AML rules);
- Check references with other financial institutions; and
- Any other non-documentary means deemed appropriate by the Anti-Money Laundering Compliance Officer.

(2) Individual Accounts – Non–U.S. Citizens Legally Residing Within the U.S. – The Registered Representative will collect the customer's: (i) name; (ii) mailing and residential (or principal place of business) street address; (iii) date of birth; and (iv) tax identification number or an alien identification card number or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or other biometric safeguard.

Note: If a Non-U.S. Citizen has valid U.S. identification and taxpayer identification follow the requirements set forth in 5.a.1 above.

Non-documentary evidence must be used in the following situations: (1) when the customer is unable to present an unexpired identification card with a photograph or other biometric safeguard; (2) when the documents the customer presents for identification verification are unfamiliar to the Firm; (3) when the customer and the Registered Representative do not have

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face-to-face contact; and/or (4) when there are other circumstances that increase the risk that the Firm will be unable to verify the true identity of the customer through documentary means.

Under these circumstances, the Vice-President of Operations will use the following non-documentary methods of verifying identity:

- Contact the customer after the account has been opened (although customer contact cannot be the sole means for verification);
- Obtain financial statements from the customer;
- Compare information obtained from the customer against databases, such as Accurint, Equifax, Experion, Lexis/Nexis, or other in-house or custom databases;
- Compare information obtained from customer with information available from a trusted third-party source (such as other financial institutions subject to AML rules);
- Check references with other financial institutions; and
- Any other non-documentary means deemed appropriate by the Anti-Money Laundering Compliance Officer.

(3) Individual Accounts – Non-U.S. Citizens Residing Outside the U.S. –The Firm does not currently open accounts for non-resident aliens. Should the Firm policy ever change and allow such accounts, the Vice-President of Operations and/or the Registered Representative, will record a current passport number or other valid government identification number for transfers or transmittals of $3,000 or more.

(4) Domestic Operating or Commercial Entities - The Registered Representative will collect information sufficient to determine the corporate or business entity's identity, and the authority of its business representative to act on its behalf. This will include tax identification number (where available), applicable legal documents, and principal place of business, local office or other physical location. "Applicable legal documents" include certified Articles of Incorporation, documents establishing a Partnership, corporate resolution, un-expired government issued business license, city, state or federal tax returns, or a legal opinion. The Registered Representative will also obtain information about the individual(s) with authority or control over the account.

(5) Domestic Trusts - The Registered Representative will verify the identity of a legal trust, the authority of the trust's representative to act on its behalf, and the activity the trust authorizes by obtaining copies of the applicable trust documents and trust or trustee tax identification numbers, and principal place of business, local office or other physical location.

(6) Foreign and Offshore Entities – The Firm currently does not open accounts for Foreign or Offshore Entities. Through the use of the Firm's individual and commercial entity account opening procedures, the Vice-President of Operations will identify those persons or entities who are foreign or located offshore and refuse to open accounts for those account applicants.

(7) Institutional Accounts, Hedge Funds, Investment Funds and Other Intermediary Relationships -While the AML procedures cover institutional clients, the Firm recognizes that certain types of institutional accounts are different from retail accounts. Institutional accounts often are opened for financially sophisticated customers who trade frequently, in volume, and

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usually through an intermediary, some of whose AML policies and procedures are sufficient and verifiable. When dealing with an institutional client, the Vice-President of Operations and/or the AML Compliance Officer will consider whether the institutional client has an AML program and the quality of that program, the length and nature of the Firm's experience with the institution, and the history of the institution. In addition, in determining whether it is necessary to identify the investors of non-U.S. institutions, the AML Compliance Officer will consider the regulation of the institution by its home country and whether the institution is located in a bank secrecy haven or a non-cooperative country. (See Sections 6 below for special procedures governing correspondent accounts for foreign shell banks and other foreign financial institutions).

(8) High Risk and Non-Cooperative Jurisdictions – The Firm does not open accounts for applicants in foreign countries. The Vice-President of Operations and the Registered Representative will especially scrutinize accounts to ensure that the account owner is not located in a foreign country. In the event the Firm should change its policy regarding opening accounts in foreign countries, the Vice-President of Operations will especially scrutinize accounts for which the owner lives in a country that appears to be a problematic country. The Vice-President of Operations will check the lists and accompanying narrative information of the to determine problematic countries, and will factor this information into the Firm's decisions on whether to open or maintain accounts that are based in these jurisdictions:

- Financial Action Task Force (FATF) [http://www1.oecd.org/fatf/NCCT_en.htm]
- FinCEN [http://www.treas.gov/fincen/pub_main.html], and
- "Major Money Laundering Countries" section of the "Money Laundering and Financial Crimes" part of the U.S. Department of State's annual International Narcotics Control Strategy Report [http://www.state.gov/g/in1/rls/nrcrpt/2001/c6085.htm]

(9) Senior Foreign Government/Public Officials – The Vice-President of Operations will only open and maintain a "private banking" account for senior foreign government/public officials who meet the conditions of paragraph 5.a.2 above. If the conditions are met, the Vice-President of Operations and the Registered Representatives' due diligence will include, at least: (i) ascertaining and verifying the identity of all nominal holders and holders of any beneficial ownership interest in the account (including information on those holders' lines of business and sources of wealth); (ii) ascertaining the source of funds deposited into the account; (iii) ascertaining whether any such holder may be a senior foreign political figure; and (iv) detecting and reporting, in accordance with applicable law and regulation, any known or suspected money laundering and/or use of the proceeds of foreign corruption.

The Vice-President of Operations and the Registered Representative will review public information, including information available in Internet databases, to determine whether any "private banking" account holders are "senior foreign political figures." If the Vice-President of Operations or the Registered Representative discovers information indicating that a particular "private banking" account holder may be a "senior foreign political figure," and upon taking additional reasonable steps to confirm this information, the Vice-President of Operations and the AML Compliance Officer determine that the individual is, in fact, a "senior foreign political figure," the Vice-President of Operations will conduct additional enhanced due diligence to

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detect and report transactions that may involve money laundering or the proceeds of foreign corruption.

In so doing, the Vice-President of Operations will consider the risks that the funds in the account may be the proceeds of foreign corruption, including the purpose and use of the private banking account, location of the account holder(s), source of funds in the account, type of transactions conducted through the account, and jurisdictions involved in such transactions. The degree of scrutiny the Vice-President of Operations will apply will depend on various risk factors, including, but not limited to, whether the jurisdiction the "senior foreign political figure" is from is one in which current or former political figures have been implicated in corruption and the length of time that a former political figure was in office. The Vice President of Operations' enhanced due diligence might include, depending on the risk factors, probing the account holder's employment history, scrutinizing the account holder's sources of funds, and monitoring transactions to the extent necessary to detect and report proceeds of foreign corruption, and reviewing monies coming from government, government controlled, or government enterprise accounts (beyond salary amounts).

If the Vice-President of Operations does not find information indicating that a "private banking" account holder is a "senior foreign political figure," and the account holder states that he or she is not a "senior foreign political figure," then additional enhanced due diligence is not required.

In either case, if due diligence (or the required enhanced due diligence, if the account holder is a "senior foreign political figure") cannot be performed adequately, the Vice-President of Operations will, after consultation with the firm's AML Compliance Officer as appropriate, not open the account, suspend the transaction activity, close the account, and/or recommend that the AML Compliance Officer file a SAR.

Note: A "private banking" account is an account (or any combination of accounts) that requires a minimum aggregate deposit of $1,000,000, is established for one or more individuals, and is assigned to or administered or managed by, in whole or in part, an officer, employee, or agent of a financial institution acting as a liaison between the financial institution and the direct or beneficial owner of the account.

A "senior foreign political figure" includes a current or former senior official in the executive, legislative, administrative, military or judicial branches of a foreign government (whether elected or not), a senior official of a major foreign political party, or a senior executive of a foreign government-owned commercial enterprise; a corporation, business, or other entity formed by or for the benefit of any such individual; an immediate family member of such an individual; or any individual publicly known (or actually known by the firm) to be a close personal or professional associate of such an individual.

(10) Transferred Accounts (Block Transfers) –Although the Firm is not required to verify the identity of a customer whose account is transferred to the Firm by acquisition, merger, purchase of assets, or assumption of liabilities, the Vice-President of Operations and the Registered Representative will still consider the scenarios above in deciding if the risks of a particular transferred account require obtaining and verifying information from the transferred customer. However, the Vice-President of Operations and the Registered Representative will verify the identity of a customer whose account has been forcibly transferred to the Firm.

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b. Customers 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, the Firm will not open a new account until efforts have been made to obtain the necessary information from other sources. This could include personal knowledge of the applicant, sources available as public information or information available from private reporting agencies such as Equifax or Experian. After considering the risks involved, the Firm will either open the account or consider refusing to open a new account or closing any existing account. In either case, the AML Compliance Officer will be notified so that the AML Compliance Officer can determine whether the Firm should report the situation to FinCEN.

c. Lack of Verification

When the Vice-President of Operations and/or the Registered Representative cannot form a reasonable belief that they know the true identity of a customer, the Vice-President of Operations will do the following: (A) not open an account and forward the information to the AML Compliance Officer to file a SAR-SF in accordance with applicable law and regulation; (B) impose terms under which a customer may conduct transactions while the Vice-President of Operations and/or the Registered Representative attempt to verify the customer's identity; and/or (C) close an account after attempts to verify customer's identity fail; and forward the information to the AML Compliance Officer to file a SAR-SF in accordance with applicable law and regulation.

d. Record Keeping

The Vice-President of Operations and/or the Registered Representative will document The Firm's verification, including all identifying information provided by a customer, the methods used and results of verification, and the resolution of any discrepancy in the identifying information. The Vice-President of Operations and/or the Registered Representative will keep records containing a description of any document that they relied on to verify a customer's identity, noting the type of document, any identification number contained in the document, the place of issuance, and if any, the date of issuance and expiration date. With respect to non-documentary verification, the Vice-President of Operations will retain documents that describe the methods and the results of any measures the Vice-President of Operations took to verify the identity of a customer. The Vice-President of Operations will maintain records of all identification information for five years after the account has been closed. The Vice-President of Operations will retain documentation demonstrating independent verification of the customer's identity for five years after the record is made (e.g. Accurint searches).

e. Using Government Provided Lists of Terrorists and Other Criminals

Within 5 days of opening an account, and on an ongoing basis, the Vice-President of Operations will check to ensure that a customer does not appear on a list provided to the Firm by the government, e.g. the Treasury's OFAC "Specifically Designated Nationals and Blocked Persons" List (SDN List) (See the OFAC website at *www.treas.gov/ofac,* which is also available through an automated search tool on *www.nasdr.com/money.asp*); and is not from or engaging in transactions with people or entities from embargoed countries and regions listed on the OFAC

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website. Because the OFAC website is updated frequently, the Vice-President of Operations will consult the list on a regular basis and subscribe to be sent updates when they occur. The lists may be accessed through various software programs to ensure speed and accuracy. The Vice-President of Operations will review existing accounts against the lists when the lists are updated. The Vice-President of Operations will document review of the lists.

In the event that the AML Compliance Officer and the Vice-President of Operations 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, the Vice-President of Operations will reject the transaction and/or block the customer's assets and the AML Compliance Officer will file a blocked assets and/or rejected transaction form with OFAC.

f. Notice to Customers

The Firm will provide notice to customers that it is requesting information from them to verify their identities, as required by federal law. Each year a notice will be provided by mail to each customer as an attachment to the Firm's Privacy Notice. Copies will be made available to each Registered Representative of the Firm to be handed to walk-in customers. The New Account Form (AIC-12) provides the notice to each customer at the time the New Account Form is completed. For customers opening an account by mail, the notice is included either as a separate form, or as an attachment to the New Account Form (AIC-12).

g. Additional Inquiries

The Firm recognizes its obligations under suitability and fair dealing requirements to collect customer identification information. Depending on the nature of the account, when opening an account the Registered Representative will: (i) inquire about the source of the customer's assets and income so the Vice-President of Operations and/or the Registered Representative can determine if the inflow and outflow of money and securities is consistent with the customer's financial status; and, (ii) gain an understanding of what the customer's likely trading patterns will be, so that any deviations from the patterns can be detected later on.

The Registered Representative will make reasonable efforts to obtain the customer's net worth (or liquid net worth), annual income, occupation and employment data, such as the customer's profession, and the customer's investment experience and objectives. The Registered Representative will also make every reasonable effort to collect information as to the source of the client funds being used to open the account. If it is a joint account for two individuals, the Registered Representative will collect the information for both individuals.

6. Foreign Correspondent Accounts and Foreign Shell Banks

a. Detecting and Closing Correspondent Accounts of Unregulated Foreign Shell Banks

The Firm does not open or maintain accounts with Foreign Shell Banks or have foreign correspondent accounts. The Firm will use its standard procedures to detect any such accounts that may have inadvertently been opened. This will include a complete review of all accounts

weekly when the OFAC and other government lists are compared with new and existing accounts. Upon finding or suspecting such accounts, Firm employees will notify the AML Compliance Officer, who will instruct the Vice-President of Operations to terminate any verified correspondent account in the United States for an unregulated foreign shell bank. The Vice-President of Operations and/or the Registered Representative will also terminate any correspondent account that the Vice-President of Operations and/or the Registered Representative has determined is not maintained by an unregulated foreign shell bank but is being used to provide services to such a shell bank. The Vice-President of Operations and/or the Registered Representative will exercise caution regarding liquidating positions in such accounts and take reasonable steps to ensure that no new positions are established in these accounts during the termination period. In the event that the Firm begins opening or maintaining accounts for Foreign Shell Banks or foreign correspondent accounts, the Vice-President of Operations will terminate any correspondent account for which the information regarding the shell banks, as described in Appendix A of the regulations, has not been obtained within the time periods specified in those regulations.

b. Mandatory Enhanced Due Diligence

The Firm does not open or maintain accounts for foreign financial institutions. The Firm will ensure that through examination of new and existing accounts by means of electronic software and manual review that no foreign financial institutions have accounts opened with the Firm.

c. Certifications

In the event that the Firm begins opening or maintaining accounts for foreign financial institutions, the Vice-President of Operations will require foreign bank account holders to complete model certifications issued by the Treasury. The Vice-President of Operations and/or the Registered Representative will send the certification forms to foreign bank account holders for completion, which requires the banks to certify that they are not shell banks and to provide ownership and agent information. The Vice-President of Operations will require the foreign bank account holders to re-certify when s/he believes that the information is no longer accurate and at least every two years.

7. Supervisory Procedures for Opening Accounts

The new account opening procedure is modified to collect and use information on the account holder's annual income, net worth, anticipated transaction activity, and sources of income to detect and deter possible money laundering and terrorist financing. The sales supervisor's review will be documented and reviewed. This review will include checking against a list of the types of information required for each type of account and documenting why any account is opened absent that information.

8. Monitoring Accounts For Suspicious Activity

The Vice-President of Operations and Supervising Principals will monitor through the automated means of reports received from the clearing broker (Pershing, LLC) for business that is placed with the clearing broker. Business sent directly to Mutual Fund companies will be monitored by the Registered Representatives and Supervising Principals through the review of client

statements; and by the Fund companies through the use of their monitoring system. The AML Compliance Officer will work with the Fund companies to investigate possible suspicious activity when so informed by the Fund company and, when required, will work with the Fund company to file a Suspicious Activity Report (SAR). Pershing AML Exception Reports are reviewed by the Brokerage Operations Cashiers, the Brokerage Operations Managers, and the Brokerage Specialists. Variable Life and Annuity transactions will be monitored by the variable Trade Desk for trading patterns. In addition, the Customer Service Representatives and Brokerage Operations Cashiers will be alert for unusual deposit, withdrawal or surrender activity to determine if the transaction(s) lacks financial sense, or is suspicious because it is an unusual strategy for that customer. The AIC Compliance Officer will create employee guidelines with examples of suspicious money laundering activity. The AML Compliance Officer will conduct an appropriate investigation before a SAR is filed.

a. Emergency Notification to the Government by Telephone

When conducting due diligence or opening an account, the AML Compliance Officer 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, the Vice-President of Operations has reason to believe the customer is trying to move illicit cash out of the government's reach, or the Vice-President of Operations has reason to believe the customer is about to use the funds to further an act of terrorism. The contact numbers the AML Compliance Officer will use are Financial Institutions Hotline (1-866-556-3974), local U.S. Attorney's Office, local FBI Office (402-476-6393), and local SEC Office.

b. Red Flags

Red flags that signal **possible** money laundering or terrorist financing include, but are not limited to:

- The customer exhibits unusual concern about the Firm's compliance with government reporting requirements and the Firm's AML policies, particularly on 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.
- The customer wishes to engage in transactions that lack business sense or apparent investment strategy, or are inconsistent with the customer's stated business or investment strategy.
- The information provided by the customer that identifies a legitimate source for funds is false, misleading, or substantially incorrect.
- Upon request, the customer refuses to identify or fails to indicate any legitimate source for his or her funds and other assets.
- The 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.

- The customer exhibits a lack of concern regarding risks, commissions, or other transaction costs.
- The customer appears to be acting as an agent for an undisclosed principal, but declines or is reluctant, without legitimate commercial reasons, to provide information or is otherwise evasive regarding that person or entity.
- The customer has difficulty describing the nature of his or her business or lacks general knowledge of his or her industry.
- The customer attempts to make frequent or large deposits of currency, insists on dealing only in cash equivalents, or asks for exemptions from the Firm's policies relating to the deposit of cash and cash equivalents.
- The customer engages in transactions involving cash or cash equivalents or other monetary instruments that appear to be structured to avoid the $10,000 government reporting requirements, especially if the cash or monetary instruments are in an amount just below reporting or recording thresholds.
- For no apparent reason, the customer has multiple accounts under a single name or multiple names, with a large number of inter-account or third party transfers.
- The customer is from, or has accounts in, a country identified as a non-cooperative country or territory by the Financial Asset Task Force (FATF).
- The customer's account has unexplained or sudden extensive wire activity, especially in accounts that had little or no previous activity.
- The customer's account shows numerous currency or cash equivalent (money order, cashier's check, etc.) transactions aggregating to significant sums.
- The customer's account has a large number of wire transfers to unrelated third parties inconsistent with the customer's legitimate business purpose.
- The customer's account has wire transfers that have no apparent business purpose to or from a country identified as a money laundering risk or a bank secrecy haven.
- The customer's account indicates large or frequent wire transfers, immediately withdrawn by check or debit card without any apparent business purpose.
- The customer makes a funds 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.
- The 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 transfer of the proceeds out of the account.
- The customer engages in excessive journal entries between unrelated accounts without any apparent business purpose.
- The customer requests that a transaction be processed to avoid the Firm's normal documentation requirements.
- The customer, for no apparent reason or in conjunction with other red flags, engages in transactions involving certain types of securities, such as penny stocks, Regulation S stocks, and bearer bonds, which although legitimate, have been used in connection with fraudulent schemes and money laundering activity. (Such transactions may warrant further due diligence to ensure the legitimacy of the customer's activity.)
- The customer's account shows an unexplained high level of account activity with very low levels of securities transactions.

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- The customer maintains multiple accounts, or maintains accounts in the names of family members or corporate entities, for no apparent purpose.
- The customer's account has inflows of funds or other assets well beyond the known income or resources of the customer.

c. Responding to Red Flags and Suspicious Activity

When a member of the Firm detects any red flag he or she will investigate further under the direction of the AML Compliance Officer. This may include gathering additional information internally or from third party sources, contacting the government, freezing the account, and filing a SAR.

10. Suspicious Transactions and BSA Reporting

a. Filing a SAR

The AML Compliance Officer will file Form SAR-SF for any account activity (including deposits and transfers) conducted or attempted through the Firm involving (or in the aggregate) $5,000 or more of funds or assets where the AML Compliance Officer and/or the Vice-President of Operations know, suspect, or have reason to suspect: (A) 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 or to avoid any transaction reporting requirement under federal law or regulation, (B) the transaction is designed, whether through structuring or otherwise, to evade the requirements of the BSA regulations, (C) 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 the AML Compliance Officer and/or the Vice-President of Operations know, after examining the background and the possible purpose of the transaction and other facts, of no reasonable explanation for the transaction, or (D) the transaction involves the use of the Firm to facilitate criminal activity.

The AML Compliance Officer will not base a decision on whether to file a SAR-SF solely on whether the transaction falls above a set threshold. The AML Compliance Officer will file a SAR-SF and notify law enforcement of all transactions that raise an identifiable suspicion of criminal, terrorist, or corrupt activities. In high-risk situations, the AML Compliance Officer will notify the government immediately and will file a SAR-SF with FinCEN. Securities law violations that are reported to the SEC or a Self-Regulatory Organization (SRO) may also be reported promptly to the local U.S. Attorney, as appropriate.

Tthe AML Compliance Officer will not file a SAR-SF to report violations of Federal securities laws or SRO rules by the Firm's employees or Registered Representatives that do not involve money laundering or terrorism, but the AIC Compliance Officer will report them to the SEC or SRO.

All SAR-SFs will be periodically reported to the Board of Directors and senior management, with a clear reminder of the need to maintain the confidentially of the SAR-SF.

The AML Compliance Officer will report suspicious transactions by completing a SAR-SF and the AML Compliance Officer will collect and maintain supporting documentation as required by

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the BSA regulations. The AML Compliance Officer will file a SAR-SF no later than 30 calendar days after the date of the initial detection of the facts that constitute a basis for filing a SAR-SF. If no suspect is identified on the date of initial detection, the AML Compliance Officer may delay filing the SAR-SF for an additional 30 calendar days pending identification of a suspect, but in no case, will the reporting be delayed more than 60 calendar days after the date of initial detection.

The AML Compliance Officer will retain copies of any SAR-SF filed and the original or business record equivalent of any supporting documentation for five years from the date of filing the SAR-SF. The AML Compliance Officer will identify and maintain supporting documentation and make such information available to FinCEN, any other appropriate law enforcement agencies, or federal or state securities regulators, upon request.

The Firm will not notify any person involved in the transaction that the transaction has been reported, except as permitted by the BSA regulations. The Firm understands that anyone who is subpoenaed or required to disclose a SAR-SF or the information contained in the SAR-SF, except where disclosure is requested by FinCEN or the SEC or another appropriate law enforcement or regulatory agency or an SRO registered with the SEC, will decline to produce to the SAR-SF or to provide any information that would disclose that a SAR-SF was prepared or filed. The AML Compliance Officer will notify FinCEN of any such request and the Firm's response.

b. Currency Transaction Reports (CTR)

The Firm prohibits the receipt of currency and has the following procedures to prevent its receipt: each supervising principal of the Firm reviews the opening of each new account to determine the method of payment received with the account. In addition, each cashier associated with receiving funds for the Firm reviews the form of payment received as a double check. If the Vice-President of Operations discovers currency has been received, the AML Compliance Officer will file with FinCEN a CTR for transactions involving currency that exceed $10,000. Multiple transactions will be treated as a single transaction if they total more than $10,000 during any single business day. The AML Compliance Officer will use the designated FinCEN CTR form.

c. Currency and Monetary Instrument Transportation Reports (CMIR)

The Firm prohibits the receipt of currency and has the procedures described in the previous subsection to prevent its receipt. The AML Compliance Officer will file with the Commissioner of Customs a CMIR if the Vice-President of Operations discovers the Firm has, by a means other than the United States Postal Service: (A) transported, mailed, shipped or received currency of more than $10,000 at one time (on one calendar day or, if for the purposed of evading the reporting requirements, on one or more days) in or out of the U.S.; or, (B) caused, attempted to transport, mailed, shipped or received currency of more than $10,000 at one time (on one calendar day or, if for the purposed of evading the reporting requirements, on one or more days) in or out of the U.S. The CMIR filing requirements include shipments or transports to or from an Firm office located outside the U.S. The AML Compliance Officer will use the designated FinCEN CMIR form.

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Upon notification of receipt by the Vice-President of Operations, the AML Compliance Officer will follow the CMIR procedures above for monetary instruments that are in bearer form; endorsed without restriction; made out to a fictitious payee, or otherwise in such form that title passes upon delivery; incomplete negotiable instruments that are signed but with the payee's name omitted; and securities or stock in bearer form or otherwise in such form that title passes upon delivery. In addition to currency, monetary instruments include traveler's checks in any form, and all negotiable instruments (including personal and business checks, official bank checks, cashier's checks, third-party checks, promissory notes, and money orders).

d. Foreign Bank and Financial Accounts Reports (FBAR)

The Firm does not open or maintain financial accounts in foreign countries. In the event the Vice-President of Operations discovers that the Firm holds an account or has signature authority over an account of more than $10,000 in a foreign country, the AML Compliance Officer will file with FinCEN an FBAR for the applicable account. The AML Compliance Officer will use the designated FinCEN FBAR form.

e. Transfers of $3,000 or more Under the Joint and Travel Rule

When the Firm transfers funds of $3,000 or more, the Vice-President of Operations will record on the transmittal order at least the following information: (i) the name and address of the transmitter and recipient, (ii) the amount of the transmittal order, (iii) the identity of the recipient's financial institution, and (iv) the account number of the recipient. The Firm will not accept third-party checks nor will it prepare and transmit third-party checks. The Vice-President of Operations will also verify the identity of transmitters and recipients who are not established customers of the Firm (i.e., customers who have not previously maintained an account with the Firm, or for whom the Firm has not obtained and maintained a file with the customer's name, address, taxpayer identification number, or, if none, alien identification number or passport number and country of issuance). The Vice-President of Operations or Brokerage Operations Manager receives and reviews the wire reports from the clearing broker to check for such items.

11. AML Record Keeping

a. SAR Maintenance and Confidentiality

The Firm will hold SARs and any supporting documentation confidential. The Firm will not inform anyone outside of a law enforcement or regulatory agency or securities regulator about a SAR. The Firm will deny any subpoena requests for SARs or SAR information and immediately tell FinCEN of any such subpoena received by the Firm. The AML Compliance Officer will segregate SAR filings and copies of supporting documentation from other firm books and records to avoid disclosing SAR filings. The AML Compliance Officer will handle all subpoenas or other requests for SARs. The AML Compliance Officer will maintain SAR filings in a secure retention area. The AML Compliance Officer may share information with the clearing broker about suspicious transactions for determining when a SAR should be filed. As mentioned earlier, the AML Compliance Officer 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 the AML Compliance Officer files a SAR concerning the clearing broker or its employees.

b. Responsibility for AML Records and SAR Filing

The AML Compliance Officer and his or her designee will be responsible for ensuring that AML records are maintained properly and that SARs are filed as required.

c. Records Required

As part of the AML program, the Firm will create and maintain SARs, CTRs, CMIRs, FBARs, 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. The AML Compliance Officer will maintain SAR filings 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 SEC rules that require six-year retention.

12. Clearing/Introducing Firm Relationships

The Vice-President of Operations will work closely with the clearing broker to detect money laundering. The Vice President of Operations will exchange information, records, data and exception reports as necessary to comply with AML laws. Both organizations will keep (and update) the necessary annual certification for such information sharing. As a general matter, the Firm has agreed with its clearing broker that the clearing broker will monitor customer activity on behalf of the Firm, and the Firm will provide the clearing broker with proper customer identification information, as required, to successfully monitor customer transactions. The Firm has set out these responsibilities in its clearing agreement under NASD Rule 3230. The Firm understands that the agreement will not relieve either it or the clearing firm from their independent obligations to comply with AML laws, except as specifically allowed under the PATRIOT Act and its implementing regulations. The Firm has allocated these functions and set them forth in a written document. The Firm understands that the allocation of functions will not relieve either of the parties from their independent obligation to comply with AML laws, except as specifically allowed under the PATRIOT Act and its implementing regulations.

13. Training Programs

The AIC Compliance Officer will develop ongoing employee training under the leadership of the AML Compliance Officer and senior management. Training will occur on at least an annual basis. It will be based on the Firm's size, its customer base, and its resources.

Training will include, at a minimum: (i) how to identify red flags and signs of money laundering that arise during the course of the employees' duties; (ii) what to do once the risk is identified; (iii) what employees' roles are in the Firm's compliance efforts and how to perform them; (iv) the Firm's record retention policy and the disciplinary consequences (including civil and criminal penalties) for non-compliance with the PATRIOT Act.

The AIC Compliance Officer will develop training, or contract for it. Delivery of the training may include educational pamphlets, videos, intranet systems, in-person lectures, and explanatory memos. Currently, AML training is part of the Firm's Firm Element Training program purchased from an outside vendor. This program includes all of the elements necessary to comply with the

Patriot Act AML requirements. From time-to-time, the Firm may purchase different programs from outside vendors, may develop internal training programs or a combination of both. In any event, each program will incorporate those elements necessary to insure all employees are cognizant of AML procedures. The AIC Compliance Officer will maintain records to show the persons trained, the dates, and the subject matter of their training.

The AML Compliance Officer will review operations to see if certain employees, such as those in compliance, margin, and corporate security, require specialized additional training. Written procedures will be updated to reflect any such changes.

14. Program to Test AML Program

a. Staffing

Testing of the AML program will be performed by Bisys Professional Services, an independent third party, or similar auditor. Independent auditor qualifications will include: full knowledge of Broker/Dealer operations, qualified personnel in the area of NASD, SEC, BSA and Patriot Act requirements to detect and monitor AML activities.

b. Evaluation and Reporting

AML testing will be completed at least annually. After testing is completed, staff will report its findings to senior management and the Internal Audit Committee. The Vice-President of Operations, the AML Compliance Officer and the AIC Compliance Officer will address each of the resulting recommendations.

15. Monitoring Employee Conduct and Accounts

The Vice-President of Operations will subject employee accounts to the same AML procedures as customer accounts, under the supervision of the AML Compliance Officer. Executive management will also review the AML performance of supervisors, as part of their annual performance review. The AML Compliance Officer's accounts will be reviewed by Maria Sherffius, the AIC Chief Compliance Officer.

16. Confidential Reporting of AML Non-Compliance

Employees will report any violations of the Firm's AML compliance program to the AML Compliance Officer, unless the violations implicate the Compliance Officer, in which case the employee shall report to the President of AIC. Such reports will be confidential, and the employee will suffer no retaliation for making them.

17. Additional Areas of Risk

The Firm has reviewed all areas of its business to identify potential money laundering risks that may not be covered in the procedures described above. Currently the AML Compliance Officer finds no additional areas of risk.

18. Senior Manager Approval

Approve the Firm's AML program by signing below.

I have approved this AML program as reasonably designed to achieve and monitor the Firm's ongoing compliance with the requirements of the BSA and the implementing regulations under it.

Signed: _____

Title: _____

Date: _____

:

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ADDENDUM K

SECURITIES ACTIVITIES IN A BANK BRANCH OFFICE

Proper Identification of Registered Representatives

When selling investment products, registered representatives must hold THEMSELVES out as a representative of the AIC and in no manner or form indicate that they are offering such products as agent or employee of the bank.

Disclosure to Clients

Each retail customer will execute a disclosure document indicating that the investment products sold:

- Are not insured by FDIC.
- Are not deposits or other obligations of the financial institution and are not guaranteed by the financial institution.
- Are subject to investment risks, including possible loss of principal invested.

Copies of these written acknowledgments will be retained in the customer's file.

The Designated Principal will ensure that these disclosures are made by registered representatives orally during sales presentations, when investment advice concerning non-deposit investment products are provided and prior to or at the time an account is opened. The Designated Principal will review the disclosure prior to approving any transaction.

In addition, the Registered Representative will ensure that customers execute a disclosure statement indicating:

- Product and relationship disclosures noted above.
- Investments contain sales loads, commissions, mark-ups/downs or other applicable charges.

Separation of Records

The Company will ensure that all books and records are maintained separate and distinct from those of the banks and are not co-mingled in any manner.

Adequate Training of Registered Representatives

On a periodic basis, but not less than annually, the Company will provide formal training programs for its registered representatives including product training and training for compliance with the Interagency Statement where applicable and other applicable rules and regulations. Additionally, the Company's principals will regularly discuss compliance issues, product training, and banking customer protection regulations in sales meetings or other agendas.

Prohibited Activities of Bank Employees

Bank employees that are not registered with AIC may only refer customers to a properly licensed AIC' representative. Non-registered personnel of a financial institution may not discuss specific investments or the results of such investments, recommend investments, accept or transact orders nor accept checks or securities on behalf of the Company.

Separation of Activities

In the event that securities activities are not conducted away from deposit taking areas, the Company will attempt to ensure that the client's are aware of the separate and distinct nature of the sale of non-deposit investment products, the Designated Principal shall:

Where possible, ensure that the desk utilized to conduct the sale of non-deposit investment products by the Registered Representative is not also being utilized to conduct banking business, nor contains any bank deposit product marketing literature.

Ensure that the area prominently displays signage of the Company and the required product disclosures. Separation may be accomplished by use of partitions, plants or other physical signs.

Ensure that registered representatives do not accept or make investment recommendations or accept orders (general or specific) while located in the routine deposit taking areas.

Advertising

In addition to other compliance issues described in this manual, the Designated Principal shall review all advertising and sales literature for the following where appropriate:

That all advertising and sales literature contains all product and relationship disclosures discussed in '*Disclosure to Clients*' above. A shorter logo format may be used to disclose the appropriate disclosures provided such disclosures are displayed in a conspicuous manner. These logos are:

Not FDIC Insured.
No Bank Guarantee.
May Lose Value.

That product disclosures are made in a conspicuous manner (i.e.; on the same page as the product information and the same size print, or bolded, bulleted or boxed).

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Should the bank logo or name be utilized on confirmations or statements, these documents will contain the required product and relationship disclosures.

That advertising does not confuse the customer regarding SIPC protection or FDIC insurance.

That advertising contains the Company's name or logo and only identifies the bank(s) in describing the location that the services are provided.

State Requirements

Prior to conducting sales in a financial institution, the Company will review the states' securities and/or banking regulations to ensure that there are no additional regulations applicable to the sale of securities in financial institutions.

Networking Agreement

The Company will ensure that it has a written agreement with the bank's holding company that sets forth the responsibilities of both parties and compensation arrangements.

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ADDENDUM L

THE AMERITAS ACACIA COMPANIES TELEMARKETING POLICY

FINAL POLICY FOR AMERITAS ACACIA COMPANIES' COMPLIANCE WITH THE TELEPHONE CONSUMER PROTECTION ACT (TCPA)

Effective as of May 01, 2004

[Intended to Replace Interim Policies and Guidelines established October 2003]

1.00 POLICY

1.05 **Scope.** The DNC rules apply to all of The Ameritas Acacia Companies and all of their marketing representatives, including producers, registered representatives, agents (both general or career), brokers, telemarketers and agencies.

.005 **Business Telephone Numbers.** The DNC rules are not applicable to business telephone numbers (other than home businesses), including business cellular numbers. A telephone number is considered a business telephone number if it is listed in the business directory of a telephone book, is listed as a business number on a business card or business stationary or similar type publication, or the individual provides the telephone number as their "business" or "work" telephone number.

.010 **Home Businesses.** Home businesses that use a residential line are protected by DNC laws, and subject to the requirements of Section 2.15 below.

1.10 **Training.** Prior to placing calls to residential telephone numbers, all marketing representatives must review and be familiar with these policies and procedures.

1.15 Marketing Calls. Telephone calls or messages to residential or customer cellular telephone numbers that are initiated for the purpose of encouraging the purchase or rental of, or investment in, property, goods, or services **must** comply with **all** the following requirements:

.005 **Internal DNC Registry.** Calls may **not** be placed to anyone whose name or telephone number appears on the Internal DNC Registry maintained by The Ameritas Acacia Companies. The Ameritas Acacia Companies must honor the customer's request even if the customer is not registered on the National DNC Registry or the applicable state DNC registry. If requested, the telephone number of a business will be included on the Internal DNC Registry.

.010 **State Registry.** Calls may **not** be placed to any number that appears on a State registry unless the call is permitted under the applicable State laws. Marketing representatives must familiarize themselves with the DNC laws for each state to which they will be placing calls.

.020 **National DNC Registry.** Calls may **not** be placed to any residential or cellular telephone number that appears on the National DNC Registry (http://telemarketing.donotcall.gov) **unless**:

1. Within the previous eighteen (18) months, the customer has made a financial transaction or has a security position, a money balance, or account activity with The Ameritas Acacia Companies;

2. Within the previous eighteen (18) months, the customer has had an account with the producer's broker-dealer (including the clearing firm) or insurance company, as identified on a customer's account application for accounts held directly at a mutual fund or insurance company;

3. Within the preceding three (3) months, the customer has contacted us about our products or services sometime;

4. Within the preceding three (3) months, the customer has given us written permission to contact him/her;

5. The customer is a family member, friend, or acquaintance of the producer placing the telephone call. The FCC has indicated that a friend or acquaintance is someone who would expect the call, and who has a close, or, at least, firsthand relationship with the producer placing the call;

OR

6. The customer receiving the call is a broker or a dealer.

NOTE: There are **no** exceptions under the law for "referred leads" as such.

.025 **Time of Day.** Calls may only be placed after 8 a.m. and before 9 p.m. (local time for the telephone number that receives the call) unless the customer receiving the call has given prior express permission to call outside of these times, or has an established business relationship with the customer placing the call.

.030 **Identification at time of call.** Producers must provide the following information at the time of call:

1. Name of individual producer.

2. Name and address or telephone number of the broker-dealer, or agency if the producer is not a Registered Representative. Note: An 800 number is not required, but 900 and similar type numbers are prohibited.

3. Statement that the purpose of the telephone call is to solicit the purchase of securities or related service.

.035 **Records.** It is the sole responsibility of the person making a call to keep a record of all telemarketing calls, and maintain that record for a minimum of five (5) years. The records should indicate the date, time, number called, name of customer/consumer and purpose for each call.

.040 **Cross Marketing.** The customer's established business relationship with one of The Ameritas Acacia Companies **does not** extend to affiliated entities. Thus, a producer/rep may not contact a policyholder of one company to offer a product sold by an affiliated company.

1.20 Specific "Do Not Call" requests from customers or consumers. When a customer or consumer specifically requests that they not be contacted by telephone, such request must be reported to the Insurance Compliance Office. The customer's name and telephone number will be recorded on our Internal DNC Registry that must be checked prior to making any telephone calls for marketing purposes.

.005 **Broker/Dealer, Life Insurance, Annuities, Worksite and Retirement.** Immediately contact Janet Gustafson at 800.745.6665 ext. 4317 or at jgustafson@ameritas.com. The Internal DNC Registry is available at http://tools4you.com.

.010 **Group Dental and/or Vision.** Immediately contact Geri McKeown at 800-659-2223 ext. 2222 or at gmckeown@ameritas.com. Geri McKeown will be responsible for forwarding the information to Janet Gustafson.

1.25 Outsourcing. Producers who outsource their telemarketing calls must get an express written agreement from the telemarketer that the telemarketer complies with all state and federal DNC laws and regulations, and that the telemarketer will not call any number appearing on The Ameritas Acacia Companies Internal DNC Registry.

2.00 RESOURCES

2.05 Registry Compilation Service. The Ameritas Acacia Companies recommends that its producers subscribe to the PossibleNOW DNCQuickcheck service ("Quickcheck"). Quickcheck provides simultaneous verification of telephone numbers against the National and states' DNC Registries. Producers will still need to check the Internal DNC Registry at http://tools4you.com prior to placing calls.

2.10 Access to National DNC Registry. The National DNC Registry is maintained by the FTC at http://telemarketing.donotcall.gov. Producers using the National Registry must

update their records at least every three (3) months. Producers should use their own information when registering for access to the National DNC Registry.

2.15 State Information. State DNC laws and/or lists can be found at:

.005 Each state's website (e.g. www.state.il.us where "il" stands for Illinois).

.010 Various compilation websites including:
http://www.the-dma.org/government/donotcalllists.shtml
http://www.do-not-call-list.biz/do_not_call_chart.shtml
http://donotcall.com/states.asp
http://www.donotcallprotection.com/do_not_call_chart.shtml
http://www.do-not-call.com/statutes/state_laws.html

.015 Telephone area codes by state may be obtained from:
Various internet websites (e.g. www.aegisbooks.com/ACMapLpg.html, www.feist.com)
Most telephone books
By requesting a map from Janet Gustafson (see contact information above)

2.20 Future resources. The company is exploring the possibility of maintaining a comprehensive Do-Not-Call Registry on the TOOLS for You (combination of National, State and Internal). If a comprehensive registry is feasible, the company will notify producers as soon as it becomes available.

3.00 PENALTIES

Calling a customer who has listed their residential number on the National DNC Registry, even if through a referral by an existing customer, family member or friend, could result in a federal fine of up to $11,000 per call, state penalties and/or termination of the producer's license.

THE AMERITAS ACACIA COMPANIES
ADVERTISEMENT FACSIMILE (FAX) POLICY

Effective as of May 01, 2004

1.00 POLICY

1.05 Scope. This Policy applies to all of The Ameritas Acacia Companies and all of their marketing representatives, including producers, registered representatives, agents (both general or career), brokers, telemarketers and agencies.

1.10 Facsimiles (faxes) containing any material that advertises the commercial availability or quality of any property, goods, or services ("Advertisement Faxes") are strictly prohibited, unless the fax recipient provides express, signed written consent to receive faxes. The Form provided in this Policy must be signed and returned **before** sending any Advertisement Faxes.

.005. This Policy is applicable to both Advertisement Faxes sent to residential and business fax numbers.

.010. If express, signed written permission is received, each fax sent must clearly mark in a margin at the top or bottom of each page, or on the first page, of each transmission the following information: (i) date and time of fax; (ii) legal name of the entity sending the fax; and, (iii) telephone number of the entity or machine sending the fax.

2.00 PENALTIES

Sending an Advertisement Fax without prior express, signed written permission may result in a lawsuit against the fax sender by the fax recipient, or the attorney general of any state, for up to $1,500.00 for each unauthorized fax.

ADVERTISEMENT FAX AUTHORIZATION FORM

All fields must be completed for this Authorization to be valid.

I hereby authorize Ameritas Life Insurance Corp., Ameritas Variable Life Insurance Company, Acacia Life Insurance Company, Ameritas Investment Corp., First Ameritas Life Insurance Corp., Ameritas Investment Advisors, Inc. or The Advisors Group, Inc. and their agents/representatives to send advertisement faxes to the following facsimile (fax) number(s):

_____ - _____ _____ - _____ _____ - _____
(area code) (area code) (area code)

I understand that I may later revoke this authorization in writing.

Signed: _____ on behalf of _____
(Business Name, if applicable)

Print Name: _____ Title: _____

Date: _____, 20 _____

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THE AMERITAS ACACIA COMPANIES ELECTRONIC MAIL (E-MAIL) POLICY

Effective as of May 01, 2004

1.00 POLICY

1.05 Scope. These Electronic Mail Rules apply to all of The Ameritas Acacia Companies and all of their marketing representatives, including producers, registered representatives, agents (both general or career), brokers, telemarketers and agencies.

1.10 Marketing E-mail. E-mail that promotes: (1) any of The Ameritas Acacia Companies generally, (2) any of their products or services, or (3) that contain information or links directing the recipient to websites that contain information about any of the Ameritas Acacia Companies and/or any of their products **must** comply with the following:

- Be sent from an e-mail address that can, at any and all times, receive a reply e-mail from the recipient for a minimum of 30 days after the marketing e-mail is sent.
- Explain to the recipient that the recipient can reply to the e-mail and ask to "opt-out" which basically means that the recipient will be removed from all future mailing lists and will not receive any more e-mails.
- Within 10 days of the recipients request to "opt out", the recipient's e-mail address(es) must be removed from all mail requests and all marketing communications to the recipient's e-mail address must cease.
- The sender's name, physical postal address and telephone number must be included in each e-mail.
- Only accurate information must be used when registering a domain name and/or e-mail address.
- It must be verified that the sender's e-mail account does not contain any fraudulent or misleading information.
- It must be verified that the "To", "From", and "Subject" lines of all e-mail are complete and are not deceptive or misleading.
- E-mails can only be sent from a mail server that does not have an open relay or otherwise allow others to send e-mail through the mail server without permission.
- Don't use e-mail lists that were built using dictionary attacks, harvested e-mails, or randomly generated e-mail addresses.

1.20 Account Servicing E-mail. Account servicing e-mails cannot include fraudulent, anonymous (non-traceable) or misleading headers, and cannot have deceptive or misleading information in the "To", "From" or "Subject" lines. Account servicing e-mails may only be sent to:

- Complete a transaction with an applicant and/or account holder.
- Notify current customers of product updates and/or changes.
- Provide account balance and similar contract/policy information.

1.25 State Law. Producers must familiarize themselves with e-mail communication laws for any and all states in which the producer transacts or attempts to transact marketing or other business communication by e-mail.

1.30 Broker-Dealer Registered Representatives. In addition to the Rules stated above for Marketing and Account Servicing e-mail, Registered Representatives transacting securities business for Ameritas Investment Corp. ("AIC") are also subject to guidelines set forth in the AIC Compliance Policies and Procedures Manual regarding the Fetter Logic E-mail service (see Section 8.15.015).

2.00 PENALTIES

Sending an e-mail that does not comply with the guidelines set-forth above can result in:

- 3 years in jail for first time offenders.
- 5 years in jail for repeat offenders who also commit a felony.
- Confiscation of proceeds, computers, software, technology or equipment connected to the non-compliance e-mail(s).
- State legal action resulting in a fine of $250 per message, with no upper limit if fraudulent information is contained in the e-mail header(s).
- Civil legal action by the Internet Service Provider(s) adversely affected by the violation in the amount of $25 per e-mail, or $100 per e-mail with no upper limit if fraudulent information is contained in the e-mail header(s).

3.00 DO NOT E-MAIL REGISTRY

- The FTC is currently investigating whether it can/will create a "Do Not E-mail" Registry. Such Registry may be implemented as early as September 2004. If such a Registry is implemented, this Policy will be amended accordingly.

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Financial Institution

COMPLIANCE MANUAL FOR NON-REGISTERED PERSONNEL

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ADDENDUM TO
AMERITAS INVESTMENT CORP POLICIES AND PROCEDURE MANUAL
COMPLIANCE MANUAL FOR FINANCIAL INSTITUTION
NON-REGISTERED PERSONNEL

This Addendum is incorporated by reference to the *Ameritas Investment Corp. Policies and Procedures Manual* and further incorporates said manual by reference. This Addendum may be used separately as the manual for the employees of the Financial Institution who are not Registered Representatives of Ameritas Investment Corp. ("AIC") as required to comply with the provisions of the no-action letter issued by the Division of Market Regulation of the Securities and Exchange Commission ("Commission") to Chubb Securities Corporation, dated November 24, 1993, and in compliance with the no-action letter issued by the Commission to AIC on October 10, 1989, in a similar arrangement involving a different financial institution.

I. Customer Access Agreement

Ameritas Investment Corp. has entered into a Customer Access Agreement with Financial Institution and is responsible for fulfilling the supervisory procedures outlined in this Addendum as they apply to the Financial Institution.

II. Supervision of Financial Institution as an Associated Person with AIC

Financial Institution will be deemed an associated person of AIC within the meaning of Section 3(a)(18) of the Securities Exchange Act of 1934. AIC will supervise said associated person to cause it to take steps to ensure that Financial Institution employees who are not registered with AIC as Registered Representatives comply with this Addendum to the *AIC Policies and Procedures Manual*, the federal securities laws and NASD rules.

III. Actions of Non-Registered Employees of Financial Institution in Connection with Securities Transactions

Limitations and Prohibitions During Contacts with Customers in Connection with the Purchase or Sale of Securities.

A. A non-registered employee may provide the following clerical and ministerial assistance:

1. ask customers if they are interested in purchasing securities;

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2. deliver sales material and prospectuses to customers;

3. refer all securities-related questions to Registered Representatives of AIC:

4. direct customers to the office or desk of Registered Representatives; and/or

5. make appointments for the customers with Registered Representatives.

B. A non-registered employee of Financial Institution **may not:**

1. discuss the merits of a security or securities with a customer;

2. make a sales presentation concerning a security;

3. recommend the purchase or sale of a security or give any form of investment advice;

4. take or transmit an order for the purchase or sale of a security;

5. handle customer funds or securities (except that non-registered employees may effect electronic funds transfers to AIC from an account at Financial Institution at a customer's request).

IV. Supervision of Non-Registered Employees of Financial Institution

A. Each employee of Financial Institution who may come into contact with potential securities customers and who may refer customers to Registered Representatives must read and keep in his/her possession, a copy of this Addendum to the *AIC Policies and Procedures Manual* and sign a statement indicating (s)he has read the Addendum. The signed statement will be delivered to the Office of Supervisory Jurisdiction in charge where a copy will be kept as part of its records;

B. Each said employee of Financial Institution and his/her supervisor will attend at least one class each year concerning securities wherein the requirements set out

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In this Addendum are discussed. This requirement may be met by a personal interview where the same subjects are discussed;

C. AIC will ensure that the above mentioned classes or interviews are conducted and will maintain the records associated therewith under the direction of the AIC Compliance Officer or his/her designee;

D. AIC will, under the direction of the AIC Compliance Officer or his/her designee, periodically conduct on-site supervision of non-registered persons to ensure they are complying with the standards set out herein. This supervision may include, but is not limited to, observing contacts between non-registered persons and potential securities customers, reviewing appointment cards, and conducting employee interviews or classes.

V. Privacy

All Nonpublic Personal Information obtained by financial institution employees on behalf of Ameritas Investment Corp. in the performance of their duties and obligations shall be held in the strictest confidence and will not be used for any other purpose except to perform permitted duties. Such information shall not be disclosed to any third party without the express written consent of Ameritas Investment Corp. or as required by law. Financial institution employees will establish procedures to protect the security and confidentiality of such information. Nonpublic Personal Information shall mean any financial or health information furnished to financial institution employees in the performance of their duties or obligations.

VI. USA Patriot Act

Financial institution employees agree to comply with all applicable laws and regulations intended to prevent, detect, and report money laundering and suspicious transactions and will take all necessary and appropriate steps, consistent with applicable regulations and generally accepted industry practices, to report all applicable activities to Ameritas Investment Corp. when necessary.

Financial institution employees also agree (to the extent consistent with applicable law) to take all steps necessary and appropriate to provide requested information about investors and/or accounts to Ameritas Investment Corp. when such information is requested due to an inquiry or

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investigation by any law enforcement, regulatory or administrative authority. To the extent permitted by applicable law and/or regulation, the financial institution and its employees shall notify Ameritas Investment Corp. of any concerns that shall arise in connection with any investor or account holder in the context of relevant anti-money laundering legislation/regulations. The financial institution and its employees shall hold harmless Ameritas Investment Corp. for any actions that may arise for good faith attempts to comply with all applicable laws, rules and/or regulations of governmental agencies, law enforcement organizations and/or Self Regulatory Organizations.

V. Acknowledgment

I hereby acknowledge and agree that: I am an employee of Financial Institution who is not registered as a representative of AIC; I have received and read Addendum to the *AIC Polices and Procedures Manual*, "Compliance Manual for Financial Institution Non-Registered Personnel"; and I understand the actions I can take and the limitations and prohibitions in connection with securities transactions, and agree to abide by its terms.

_____ _____

Signature Date

Detach and return the signed copy to Office of Supervisory Jurisdiction (OSJ).

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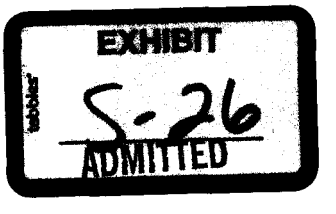
AMERITAS®
INVESTMENT CORP.
Member: FINRA and SIPC

AMERITAS INVESTMENT CORP.

WRITTEN SUPERVISORY MANUAL



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AMERITAS INVESTMENT CORP.
SUPERVISORY MANUAL

The securities industry is subject to rules and regulations established and enforced by various regulatory bodies. One major provision of securities industry regulations is that all firms conducting securities business must properly supervise the activities of its representatives. The most comprehensive rule for supervision is **FINRA Rule 3010** which sets the minimum supervision requirements for all broker/dealers.

Consistent with the requirements of the Securities and Exchange Commission (SEC), The Financial Industry Regulatory Authority (FINRA), Municipal Securities Rulemaking Board (MSRB), and State regulators and to assure compliance with applicable securities laws, rules, regulations and statements of policy promulgated thereunder, the procedures set forth in this manual will govern the supervision of the activities of Ameritas Investment Corp. (AIC) and it's Associated Persons. These procedures will be updated periodically to encompass changes in rules and regulations, policies and supervisory designations. The policies will be followed in a consistent manner by all associates. The manual is not to be construed as all inclusive but rather to provide overall compliance guidance. The supervisory manual is considered confidential and proprietary.

Each person granted supervisory responsibility in the SCHEDULE OF DESIGNATED RESPONSIBILITIES, Addendum A, will have the duty and responsibility to make certain that all laws, regulations, rules and policies applicable to AIC's business are in compliance in the office or offices that the individual manages or oversees. This consequently will obligate such person(s) to be familiar with and to remain current concerning all such laws, regulations and policies. Such person must also fully comprehend and be familiar with this manual, which should serve as a guide in carrying out his/her supervisory and oversight role. AIC will, from time to time, update this manual with announcements via AIC Compliance Alerts and/or AIC Operations Alerts.

AIC provides its associates with a Compliance Manual designed to educate and assist in ensuring compliance with the rules and regulations of AIC's regulators by setting forth AIC's policies and procedures. Associates are responsible for being familiar with and complying with the regulatory requirements and internal policies and procedures.

AIC is a dealer of municipal securities as defined by the MSRB. Supervisory Procedures concerning AIC's municipal securities activities are addressed in this manual.

AIC is a Registered Investment Advisor (RIA) with the SEC and the applicable states requiring registration and/or a notice filing. Investment Advisor Representatives (IARs) of AIC are registered in the same manner. A separate manual addresses the activities of AIC's RIA and its IARs.

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I. AIC ORGANIZATIONAL STRUCTURE

AIC is a registered broker dealer pursuant to the Securities Exchange Act of 1934, and is a member of the Financial Industry Regulatory Authority (FINRA), the Municipal Securities Rulemaking Board (MSRB), and the Securities Investors Protection Corporation (SIPC).

AIC has entered into a fully disclosed clearing agreement with Pershing LLC (Pershing), National Financial Services LLC (NFS), and RBC Dain ("Clearing Firms"). Customer transactions are made on a fully disclosed basis. Securities are executed and cleared through Clearing Firms, and Clearing Firms are responsible for the maintenance of books and records relating to the account activity.

AIC acts as the principal underwriter for the variable products offered through Ameritas Life Insurance Corp. (ALIC) and The Union Central Life Insurance Company (UCL).

A. OVERALL SUPERVISION

The Chief Executive Officer of AIC is responsible for annually certifying that a process is in place to adopt compliance policies and supervisory procedures reasonably designed to achieve compliance with Securities Laws and FINRA Rules.

1. Home Office

AIC's home office is located at 5900 O Street, 1st Floor, Lincoln, Nebraska 68510. The Designated Registered Principals are located at the home office or in designated Offices of Supervisory Jurisdiction (OSJ). In addition, books and records required to be kept by the firm pursuant to the Securities and Exchange Act of 1934 and Rules promulgated thereunder and/or FINRA Rules are kept under the custody and control of the home office. While the supervisory procedures described herein may require certain files to be kept in OSJs and in branch offices to aid in the management of the offices, these records are considered ancillary records of the home office.

B. BRANCH OFFICE STRUCTURE

FINRA Rule 3010 (g)(2) defines a Branch Office as any location where one or more associated persons regularly conducts the business of effecting any transactions in securities, or inducing or attempting to induce the purchase or sale of any security, or is held out as such.

Only an Office of Supervisory Jurisdiction (OSJ) or a Branch Office may display signage identifying the location to the public as an AIC facility. Letterhead and business cards may show the address and

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telephone number of a branch location. Advertisements may display the address and telephone number of the location where securities are sold if the location is registered with FINRA as a branch office or OSJ.

1. **Office of Supervisory Jurisdiction (OSJ)**
In order to comply with the provisions of the rule and to insure that all representatives of AIC are being properly supervised, certain offices have been designated as OSJ's. An OSJ is responsible for the direct supervision of assigned branch offices. The OSJ requires a Supervising Principal, who is designated by AIC to carry out required supervisory tasks in the OSJ and carries the FINRA designation by successfully passing the Series 7, 24, 51/53 or in limited circumstances the 26 exam. If the supervising principal has oversight responsibility of IARs, it's recommended that the principal also obtain the 65/66 license and be registered as an IAR. The Designated Principal is responsible for the activities of all the assigned RR's. The Designated Principal may not accept responsibility for supervising his/her own activities. A Designated Principal's activities must be supervised by another Designated Principal who is superior to or independent of that Principal.

The duties and responsibilities of the OSJ are listed in **Addendum B.** All OSJs must meet the duties and responsibilities stated therein and execute an OSJ Agreement.

One important note for all Designated Principals to consider is the possibility that your office, or an office under your supervision, may experience an audit by one or more of the various regulatory bodies including the SEC, FINRA or one of the various state securities commissions. If this occurs, contact the Compliance Department and inform an associate promptly upon learning of the visit so he/she can speak with the visitor in order to determine the nature and/or scope of the visit. The entire staff should treat the visitor cordially since the last thing desired is an adversarial relationship with someone conducting an audit of your office.

The OSJ must establish and maintain separate books and records for all securities business transacted by RRs located in the OSJ and branch offices for which the OSJ is responsible. Every OSJ will be inspected each calendar year by AIC's Compliance Department or its designee.

2. **Branch Offices**
All offices where AIC RRs conduct securities business will be registered as a branch office with FINRA. One of the RRs will be

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designated as the "Registered Representative in Charge" (also referred to as the Records Explainer under SEC Rules 17a-3 and 17a-4) and will have the duties and responsibilities as delineated in **Addendum C.** All branch offices must meet the duties and responsibilities stated in Addendum C.

Separate branch office books and records shall be maintained for all securities business transacted by the RRs physically located within the branch office. These individuals will be directly supervised by the OSJ to which they are assigned.

3. **Office of Convenience**
An office of convenience is any location where an RR occasionally and exclusively by appointment meets with customers, provided the location is not held out to the public as an office. A RR may not establish regular business hours at an office of convenience. Provided that the above criteria are met, such an office is exempt from registration as a branch office of FINRA. AIC has a very minimal number of offices of convenience.

4. **Operation on Bank Premises**
Any facility which is physically located on bank premises will be registered with FINRA as a branch office.

All investment activities of AIC conducted at bank locations will be established and executed in compliance with the Interagency Statement and other relevant regulatory requirements. RRs considering bank relationships must consult the Compliance Department **prior** to engaging in any bank/brokerage activities.

The Compliance Officer will require that all bank locations be supervised by a non-home office OSJ (see Addendum K).

5. **State Requirements**
Certain states require that any location (e.g., vacation home, seasonal office, residence) at which securities business is conducted must be registered with the State Securities Department as a branch office.

6. **Branch Office Inspections**
Each branch office must be inspected every 24 months by a supervising principal designated by AIC's Compliance Officer.

AIC Branch Office Inspections are documented by the Compliance Officer's designee on the Branch Office Inspection Checklist, **Addendum D,** which, after completion, is submitted to the AIC

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Compliance Department. If any deficiencies are noted, they must be addressed by the registered representative in charge of the branch office on the form or explained in a separate memo to Compliance.

The Supervising Principal of the OSJ will be responsible for completing inspections of its assigned branch offices on a regularly scheduled basis as instructed by the Compliance Department. A completed report of the inspection must be filed with the AIC Compliance Department following completion.

Any person designated by the Compliance Officer to perform an inspection must file a completed inspection report with the AIC Compliance Department within 15 days following the inspections.

If AIC's Compliance Department determines that a branch requires heightened inspection, the OSJ will be notified accordingly.

If any location is determined to house a personal producing manager that generates more than 20% of the revenue for his/her business unit, then that location must be inspected by the Compliance Department or an independent consultant hired by the Compliance Department. Procedures are documented in the Supervisory Control Manual.

7. **Compliance Meeting**
Designated Principals are required to ensure that all RRs participate in an annual Compliance Meeting.

Issues to be covered in a Compliance Meeting may include, but not be limited to:

a. Selling Away

b. Books and Records requirements

c. Submission of Monthly Transaction Blotters

d. Approval procedures for out-going solicitation correspondence, including use of internet e-mail and websites

e. Suitability

f. Full Disclosure

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g. Current Prospectus

h. Continuing Education Requirements

i. Acknowledgement of Investment Product Change

j. Incoming Correspondence Procedures

k. Exception Reports - purpose, design and fit within overall structure

l. Anti-Money Laundering

m. Insider Trading

Each RR is required to participate in a formal Compliance Interview at least annually. Failure to complete an annual interview will result in disciplinary action which may include termination of affiliation with AIC.

II. REVIEW OF RR APPLICANTS

A. Registration and Related Requirements

Prior to being approved as a RR of AIC, the applicant must have taken and passed the appropriate FINRA examinations for qualification to engage in the securities business. Additional examinations may be prescribed as prerequisites, depending upon the business to be engaged in, and/or any additional regulatory or other requirements.

B. Background and Experience Prerequisites for RRs

AIC's Compliance Officer or his/her designee will conduct an extensive background check of RR applicants. The background check may include any or all of the following: a) a credit check; b) access of employment and disciplinary history via the CRD System; c) contacting present and/or previous employers; and d) accessing such other available resources of similar nature as the Compliance Officer deems appropriate.

Applicant RRs must cooperate with the Compliance Officer or his/her designee's request for additional information relative to the background check.

All information collected as part of the background check on an applicant RR, as well as any supplemental information provided by the applicant RR at the request of the Compliance Officer, will be made a part of the RR's file with AIC. Final determination to affiliate a RR will generally be in

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accordance with AIC's established hiring standards included in this manual as **Addendum I.**

C. Upon termination of a Registered Representative, AIC's Compliance Officer or designee will process a U-5 and enter the information in Web CRD, disclosing the reasons for the termination within 30 days. A copy of the U-5 will be provided to the representative via certified mail when the U-5 is electronically filed with FINRA/CRD (but not later than 30 days after termination). All Registered Representatives must inform the Compliance Department any time their place of residence changes (within 30 days of the move).

Should AIC need to amend a Form U-5, the amended U-5 will be submitted to FINRA via Web CRD within 30 days of the event that triggered the reporting requirement. A copy of the U-5 will be provided to the last known address of the representative no later than 30 days after amending the U-5.

III. ONGOING CONTINUING EDUCATION PROGRAM

A. Regulatory Element

The Securities Industry Continuing Education Program - Regulatory Element became effective in July 1995. It is applicable to all RRs. Each RR must complete the Regulatory Element on their second registration anniversary and every three years thereafter. The RR has a 120 day window in which to complete the interactive training at a testing center.

1. FINRA Notification

AIC receives notification monthly from FINRA identifying those RRs who are approaching their 120 day period during which the Regulatory Element training must be accomplished. The monthly report identifies the beginning and ending date of the 120 day period. The Licensing and Registration Department shall be responsible for reviewing the Continuing Education Queue available on Web CRD, notifying RRs, and tracking completion of their Regulatory Element.

2. RR Notification

The Licensing and Registration Department notifies the RR at the beginning of the 120-day period by mail. Follow up notifications at 90 days and 45 days will be either by mail or email.

The RR is responsible for making his/her appointment with the testing center. Further information and outlines can be viewed on the FINRA website. (www.FINRA.org).

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3. **Completion of the Regulatory Element Training**
Upon completion of the Regulatory Element Training, the RR will receive a completion statement from the testing center and the Licensing and Registration Department will be notified by a monthly FINRA report showing completion date.

4. **Follow-up Procedures**
RRs who have only 15 days remaining to complete the regulatory element receive a follow-up notification from AIC, which is also reported to the RR's supervising principal.

5. **Failure to Complete Regulatory Element Training**

If the RR is deficient on the Regulatory Element Training, on the 121st day, The Licensing and Registration Department will:

a. Notify the RR to advise him/her of the deficiency and indicate that no further securities business can be conducted until the RR can provide proof of completion.

b. Mark the RR's securities registration inactive on systems (FSIQ and Caesar back-office systems) which will monitor any further securities transactions. The Caesar System will place securities transactions on hold through AIC Commissions, as well as hold any further securities commissions.

c. Notify AIC Operations that no further securities business is to be transacted until further notice. Documentation of such notification must be kept and placed in the RR file.

FINRA notifies AIC via email of the failure of a RR to complete the Regulatory Element Training within the 120 day period. A copy is kept for the RR's file.

d. If a RR is inactive, the Supervising Principal shall monitor RR activity for securities business.

6. **Reactivation**
Reactivation of the RR's ability to transact securities business is possible only after the Regulatory Element Continuing Education Training has been completed and notification has been received from FINRA. RRs may be assessed a fee of $500 to be paid in advance of reactivation.

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7. **Termination**
Failure to complete the Regulatory Element within 30 days of the 121st day, or such other day as FINRA or AIC allows, will result in termination of the RRs securities registration with AIC.

8. **Record Keeping**
The Licensing and Registration Department will review the CRD Queues concerning the Regulatory Element Continuing Education Training. The Queues will show each RR and the timeframe in which the RR has to complete the Regulatory Element Continuing Education Training.

B. Firm Element
The Firm Element Requirement of the Continuing Education Program requires a member firm to maintain a continuing and current education program for its covered RRs to enhance their securities knowledge, skill and professionalism.

A covered RR is one who has contact with customers or is actively engaged in the conduct of AIC's securities sales, trading and investment banking activities, and the RR's immediate supervisor.

1. **Administration**
AIC's Compliance Officer or his/her designee will administer AIC's Continuing Education Program - Firm Element. As part of this administration, the Compliance Officer or his/her designee shall evaluate, plan, and monitor completion of training and education for RRs.

a. **Evaluation**
The Compliance Officer or his/her designee shall annually evaluate and prioritize training needs of AIC, taking into account products and services offered, the RRs of AIC and their business mix and experience. The evaluation will result in an electronic Needs Analysis Plan.

At a minimum, the plan will take into consideration AIC's size, organizational structure, and scope of business activities, as well as regulatory developments and the performance of RRs in the Regulatory Element.

b. **Plan**
From the evaluation and Needs Analysis, and after obtaining input from various sources, the Compliance

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Officer or his/her designee will develop a written plan covering the year's Firm Element of the Continuing Education Program. The Plan will include a program concerning securities products, services and strategies offered by AIC.

The Compliance Officer or his/her designee will take steps to announce and implement the Program on an annual basis.

c. **Record Keeping**
The Compliance Officer or his/her designee will establish and maintain records listing all covered RRs who are subject to the Firm Element, documenting the content of the Firm Element of the Continuing Education Program, and documenting the completion of the program by covered RRs.

2. **Failure to Complete Firm Element Program**
Covered RRs included in AIC's plan under the Firm Element must take all appropriate and reasonable steps to participate in the continuing education program as required. Non-participation will be documented in a RR's file, as will any explanation in mitigation of the failure to participate. Failure to complete the Firm Element Program within the time frame established by the Compliance Officer will result in the RR's registration being suspended with no payment of commissions until the requirements are fulfilled, and a $100 fine will be imposed. If the RR chooses not to complete the requirements, his/her securities registration with AIC will be terminated. AIC's plan will include, on a case-by-case basis, the acceptance of a former broker-dealer's Firm Element Plan for RRs new to AIC in their first year of association.

IV. DISCRETIONARY ACCOUNTS

AIC will not accept any discretionary accounts in which a RR has been authorized by the client to act with discretion, unless the RR has the approval of the Chief Operating Officer or Chief Compliance Officer.

V. OPENING OF NEW ACCOUNTS

A Designated Principal's approval is required for the opening of every new account registration/type. An AIC New Account Form (AIC12) must be completed for each new AIC customer account registration/type for all products offered, including variable insurance products issued by affiliated companies. **RRs must complete the New Account Form in its entirety, prior to the**

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account being opened. Failure to provide all necessary documentation as described below, may result in disciplinary action up to and including termination of a RR's or Supervising Principal's registration with AIC.

A Designated Principal should not approve any account without reviewing the information on the AIC12 and any related new account documentation. The Designated Principal may not approve any account or transaction executed for his/her personal customers.

For a new customer, a Designated Principal should pay special attention to the initial transaction section of the AIC12 in order to determine whether the stated investment seems appropriate in light of the customer's documented information. The Designated Principal should pay particular attention to the Investment Objectives, Risk Tolerance, Time Horizon, and the financial data of new customers as provided on the AIC12. Once the Designated Principal has reviewed the transaction(s) and signed the new account form, he/she has deemed the transaction(s) suitable for the customer

Brokerage Business

The original AIC 12 and new account documentation should be submitted to the AIC Home Office Operations Department in a timely manner. Please consult the AIC Processing Handbook for instructions regarding form requirements and special clearing firm instructions. In addition, new accounts involving checks or securities certificates must be submitted to the home office within one business day.

Direct Business

A copy of the AIC12 and all new account documentation should be submitted to the AIC Home Office Operations Department in a timely manner using the FAXIN method. The original AIC12 should be kept in the RRs file. Original vendor applications and other vendor forms should be sent directly to the vendor, with a copy to AIC via the FAXIN method. Checks should also be sent directly to the vendor, with a copy to AIC.

As a broker/dealer, AIC is required to comply with the USA Patriot Act Anti-Money Laundering requirements. Those requirements are set forth in detail in **Addendum J**. Some of the more critical requirements that affect RRs on a regular basis include:

- AIC does not accept cash, traveler's checks or money orders unless issued by a bank. All transactions involving cash will be rejected.

- The Required Information for AIC New Account forms (identified below) must be verified by driver's license, passport, or other

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government identification showing issuing authority, residence and photograph. When practical, a copy of this information should be included with the AIC New Account Form. If this is not possible, RRs should record this information and include it with the New Account Form.

- RRs must provide each new customer the AIC Notices for Anti-Money Laundering, Privacy, and investment objective definitions, which are included in the AIC Client Disclosure Booklet.

A. Cash Account

The Designated Principal will ascertain that the New Account Form will provide (at a minimum):

1. Customer name
2. Customer address (P. O. Box accepted only if legal address is also provided)
3. Home and business telephone numbers
4. Social security number or tax identification number and certification
5. Birthdate
6. Whether customer is also an associate of another broker/dealer; prior to opening an account of an associated person of another broker/dealer, the RR will bring it to the attention of the Compliance Department who will notify the customer's employer if AIC chooses to accept the account
7. Signature and signature date of customer(s)
8. Signature and signature date of the RR, and the RR number
9. Signature and signature date of designated principal
10. Whether the account has third party discretion - This is not to be used for RR discretion, but is intended for interested third persons with decision-making powers such as a spouse, adult child, etc. Supporting documentation must be provided by RR.
11. Employment Status (including occupation, employer name and address)

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12. For corporations, partnerships or other entities, the names of any person authorized to transact business on behalf of the entity. Supporting documentation must be provided by RR.

13. Customer financial status (net worth, excluding value of principal residence and liquid net worth)

14. Annual income

15. Customer tax bracket

16. Customer's initial transaction

17. Investment Experience

18. Investment objectives, risk tolerance, and time horizon. If more than one investment objective is indicated, then all those objectives must be given an order of priority. For Example: **1.** Safety of Principal, **2.** Income

19. Customer marital status and number of dependents

20. Proof of Customer Identification, either driver's license number or passport number

21. Source of funds used to open account

22. Account title - individual, joint, corporation, etc. - documents supporting account registration and those authorized to transact business on its behalf must be obtained by the RR and maintained by AIC.

Additional information that may be required depending on the type of account:

1. Type of account - cash, margin, option, IRA

2. Securities transfer notice - street, register/ship, etc.

3. Dividend or interest payment - hold, deliver, etc.

4. Acknowledgment of delivery of prospectus information for purchase of investment company shares and other disclosures for client.

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B. Brokerage Margin Account

In addition to the information required to open a new account, the Designated Principal's sign-off will confirm that:

1. The AIC and clearing firm disclosure statements have been provided to each margin customer.

2. The customer appears suitable for margin activity after reviewing the customer's objectives and determining adequate financial net worth.

3. The clearing firm customer agreement and loan consent have been executed by the customer.

4. Customer demonstrates intent to deposit the minimum account balance requirement of cash or securities, as designated by the clearing firm.

5. Principal signature appears on the margin account form.

6. **Credit, Regulation T and Extensions of Time Arranging Credit**
The Rules governing the extension of credit by broker-dealers for the purchase of securities are contained in Regulation T, promulgated by the Federal Reserve Board. Although the primary purpose of Regulation T is to control the extension of credit, the regulation also helps to prevent customers from over-extending their financial resources via the purchase or short sale of securities.

   No RRs may participate in any scheme to evade Regulation T, even if originated by a customer. Additionally, employees must not arrange for credit for their own securities transactions on terms better than those the clearing firm can extend.

7. **Securities Which Are Unacceptable For Margin Purposes**
Under no circumstances may margin credit be extended on "control" or "restricted" securities. Although Rule 144 is available for the sale of such securities, it does not provide the extension of credit on the same securities. Mutual funds and UITs may not be purchased on margin and are not margin eligible until held by the client for a minimum of 30 calendar days.

8. **Extensions**
Under Regulation T, customers trading on margin must deposit cash or marginable securities sufficient to meet the initial margin requirements applicable to a transaction within 5 full business days after the date of the transaction (two business days more than

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regular way settlement as prescribed by SEC Rule 15c3-1). Additionally, customers purchasing a security in a special cash account must make full cash payment within 5 full business days of the purchase. If these requirements *are not met,* the broker carrying a customer's cash account must liquidate the securities purchased and the broker carrying a margin account must liquidate sufficient securities to satisfy the customer's margin obligation.

In the event a customer fails to pay within the time period specified under Regulation T (Reg T), security has not been delivered; under unusual circumstances the registered representative may request an extension of time. A request for an extension does not obligate the Company or the Clearing Firm to file for an extension. Secondly, the mere request by the Clearing Firm for an extension of time does not automatically signify that such a request will be granted by FINRA or NYSE. Extensions will not be granted if the security is held long at another broker/dealer or depository, is not in good deliverable form or if the certificate is lost.

The designated principal will review reports provided by the clearing firm regarding Regulation T extensions: (i) Outstanding margin calls. (ii) Accounts in frozen status and accounts with sold out positions with related unsecured debits which may impact the firm's Net Capital.

9. Frozen Accounts

Reg. T specifically requires that when securities are sold prior to receipt of the purchase payment, the account shall be frozen for a period of ninety days. If a security is delivered to another broker/dealer or is sold, this constitutes a sale before being paid in full. Cancellation of a transaction other than to correct an error also constitutes a sale.

Subsequent purchases can be affected only if cash is on hand prior to execution, or if proper authorization based upon exceptional circumstances is obtained from the Compliance Department. Such circumstances will only be considered on a rare basis and may only be granted by the Compliance Department in situations where such action would not be considered a violation or circumvention of the regulation by the regulatory authorities.

10. Freezing of Accounts

Accounts will be frozen for a period of ninety (90) calendar days in the following circumstances:

a. A security is sold before payment for the security is made;

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b. A security which has been sold is subsequently purchased to flatten out the position;

c. Any check is returned marked insufficient funds; and,

d. Failure to pay for a trade.

11. Transactions in Frozen Accounts

Transactions entered into accounts which are frozen, where the funds covering the transaction are not on hand or in the account, will be canceled the next day with any loss being charged to the registered representative. The removal of the frozen status is the responsibility of the registered representative. All accounts which are frozen for ninety calendar days will have a notation to that effect printed on the confirmation.

Any account which has been frozen three times will be permanently frozen.

12. Margin Calls

When a margin account does not maintain the required equity maintenance, a margin call will be generated. The clearing firm is required to send notice to the customer of the margin call. The operations personnel will provide information regarding calls to the reps to assist in obtaining payment from the clients to meet the margin calls. In the event the customer does not provide payment for such calls, the Designated Principal will decide what action to be taken such as selling the customer's securities to satisfy the call.

Customer margin accounts may be cancelled if excessive sellout or margin call difficulties occur.

C. Brokerage Option Account

In addition to the information required to open a new account, the Designated Options Principal's sign-off will confirm that:

1. The RR has provided the customer with a copy of the booklet "CHARACTERISTICS AND RISKS OF STANDARDIZED OPTIONS."

2. The clearing firm OPTION AGREEMENT has been completely prepared, signed, and dated by the customer and the RR and includes the date that the Options Disclosure Document (see #1 above) was given to the client.

3. The customer appears suitable for trading in options based on the information in the new account form and the option agreement form.

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D. Self-Directed IRA

In addition to the information required to open a new account, the Designated Principal's sign-off will confirm that the clearing firm IRA Agreement is completed with the following information:

1. Rep Number

2. Participant Information - Completed in full

3. Custodial Account - Specify what kind of account

4. **Beneficiary Designations - <u>All blanks must be completed in this section or the account cannot be opened.</u>** Dates of birth are required to be listed for all primary and contingent beneficiaries.

5. Spousal consent is only used if your primary beneficiary is someone other than your spouse and the state requires consent.

6. **Customer must Sign and Date the form**

7. **Rep must Sign and Date the form, as required by the clearing firm**

E. Variable Accounts

If a customer purchases a variable product, the Designated Principal will ascertain that:

1. The appropriate variable application has been completed, signed, and dated by the customer and RR.

2. The RR completed the AIC New Account Application (AIC 12). The form must be signed and dated by the customer, the RR, and the Supervising Principal.

3. The variable product and the investment portfolios selected appear to be suitable for the customer based on their documented investment objectives and financial data. It is important to consider the source of the funds invested, including personal savings for other sources, exchanges of existing products, impact on monthly cash flow, etc.

   If funds are the result of a replacement, liquidation, redemption, or transfer that results in tax consequences, penalties or charges to the customer, the Designated Principal must be certain the investment

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was made in the best interest of the client and the client was aware of the aforementioned issues.

An *Acknowledgement of Investment Product Change Form* (AIC297) must be signed by the client acknowledging their understanding of the transaction(s) when securities products such as a mutual funds or variable products have been liquidated to fund the purchase of another securities product.

For variable accounts, the Designated Principal's sign-off confirming that records are complete can be in any form deemed acceptable by Compliance.

4. **Variable Annuities in Qualified Plans** - FINRA, in Notice to Members 99-44, indicated that RRs have a responsibility to inform customers of the following:

   a. that withdrawals made prior to age 59 1/2 could subject them to a 10% IRS penalty tax.

   b. that surrender charges may apply to withdrawals made within the time period specified in the policy.

   c. that tax-deferral is provided through a tax-qualified plan and the annuity does not provide any additional tax-deferral benefit. Therefore, the decision to purchase an annuity policy in a tax-qualified plan must be based on the annuity's features and/or benefits other than tax-deferral (such as the lifetime income option, available death benefit and/or maximum guarantee fees).

A RR is responsible for identifying those reasons indicated above (other than tax-deferral) and any other possible reasons which make the purchase of a variable annuity in a qualified plan a suitable investment for the customer. This information must be recorded by the RR on the variable annuity application or the variable annuity disclosure form and reviewed by the Supervising Principal. Most variable annuity applications contain a section entitled Special Remarks, Special Instructions, or something similar, where the RR must record this suitability information, or this information can be notated on the VA Tax Disclosure Form (AIC 603), or on the Acknowledgement of Investment Product Change Form (AIC297).

5. **Variable Universal Life**
   FINRA, in Notice to Members 00-44, indicated that RRs and Supervising Principals have unique responsibilities to customers with respect to variable universal life including:

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a. making reasonable efforts to obtain comprehensive customer information much the same as identified in Section V.A. for Cash Accounts, but also including the customer's need for insurance with opportunity for market participation in a bundled product, the ability to pay premiums, liquidity needs, and new contestability periods.

b. full disclosure of all features and costs associated with each product including surrender charges, premium and cash value charges, separate account charges, underlying fund fees, subaccount investment options, free-look periods, and policy premium lapse periods. Sources of information that can be reviewed and provided to each customer include the product and fund prospectuses, product brochures provided by the issuing company, and personalized sales illustrations generated from software provided by the issuing company.

c. informing the customer that financing of a variable life policy through the use of loans or cash value withdrawals from another life policy may not be in the customer's best interest.

d. determining that the ratio of premiums to the customer's annual income does not exceed a reasonable limit. Using ten percent (10%) as an initial guideline, ratios in excess of this level should require additional written information to support the customer's ability to pay. These guidelines may vary substantially in cases which are written primarily for estate planning or business insurance purposes

A RR and Designated Principal must evaluate (as indicated in Section V.E.3.) that the variable life insurance product and investment portfolios within the product are suitable and consistent with the customers documented investment objectives, financial background, and investment experience. Particularly with respect to variable life insurance, market fluctuations may require additional premiums paid to keep the policy in force. The Designated Principal should evaluate the customer's ability to pay additional premiums in light of the customer's financial status (i.e. net worth, income, etc.). If the owner of the VUL policy is a trust, a complete copy of the trust document must be obtained.

Exception Reports for variable life insurance will include all policies for which the source of funds reported through National Securities Clearing Corp. (NSCC) is derived from another variable life policy. In such event, the Designated Principal should review the replacement/exchange

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information included in the Exception Report in accordance with the above guidelines.

F. Direct Mutual Fund Accounts

In addition to the information required to complete a New Account Form (AIC 12), the Designated Principal will confirm that:

1. A fund application is completed, signed and dated by the customer and RR if the transaction is accomplished direct with the fund.

2. The mutual fund investment selected appears suitable for the customer according to their documented investment objectives and other relevant information. **If the monies being invested are the result of a liquidation, redemption or transfer that results in tax consequences, penalties or charges to the customer, the Designated Principal must be certain the investment is being made in the best interest of the client and the client is aware of the aforementioned issues. An Acknowledgement of Investment Product Change form (AIC297) must be signed by the client acknowledging their understanding of the event if the client has liquidated securities such as mutual funds or variable products to fund the purchase of another securities product.**

   The Designated Principal's review should include the consideration of the use of Letters of Intent or Rights of Accumulation.

3. The customer has received a current fund prospectus prior to the initial investment.

4. Fund companies offer various share classes. The Designated Principal should review each transaction to ensure that the appropriate share class was selected. AIC requires that a customer complete a Mutual Fund Share Disclosure Form (AIC320) before purchasing Class B shares for aggregate investments in B shares equal to or greater than $50,000 and less than $100,000. For aggregate investments of $100,000 or more, a RR may not offer Class B shares. Systematic investments or individual purchases into Class B shares which would cause the client to exceed the aggregate stated limits will trigger the requirement for a Mutual Fund Share Disclosure Form to be completed and signed by the client. This policy is applied to all aggregated household B share holdings and not by an individual or fund family. A separate Disclosure Form is required for each fund purchased.

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Completion of the Mutual Fund Share Disclosure Form is also required for the account in which a single or series of transactions cause the household's aggregated C share holding to reach or exceed $250,000. No additional disclosures are required for subsequent purchases in the account causing the requirement. However, subsequent purchases executed in other accounts within the household would require the disclosure. If a series of transactions are executed the same day across one or more accounts within the household and those transactions cause the aggregated holdings to reach or exceed $250,000, Disclosure forms should be completed for each of those accounts.

G. Municipal Securities

1. In the case of municipal securities transactions, each new securities customer account must be approved by a Designated Municipal Securities Principal and be signed by the qualified securities representative prior to executing the transaction.

2. In recommending a security transaction to a customer, the Company must be reasonably certain that the recommendation is suitable for the customer based on information disclosed by the customer as to objectives and financial needs.

3. Generally, the registered representative and Designated Principal should take into account the following factors when determining the suitability of a municipal investment for a customer:

   a. Only in rare circumstances should municipal investments be traded. They are generally purchased for long-term purposes. Prior to the trading of debt securities, the rep must get written approval to accept such orders and the reasoning for such activity must be documented.

   b. The rep should explain the effect of interest rates on the price of the security, that if not held to maturity the value of the debt instrument may be more or less than the amount of their purchase, the extent of the tax-exempt status of the interest and that interest is paid by the buyer of the debt security. Such explanations are required for customers purchasing debt securities for the first time.

   c. If the customer does not have income as an objective, the rep must be able to provide an explanation as to why a customer has invested a substantial portion of his/her portfolio in a debt investment.

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d. If the customer is not investing for tax exempt income or is in a low tax category, the rep must be able to explain to his/her supervisor the reasons the customer is investing in municipal securities.

H. Municipal Fund Securities/Section 529 Plans

If a customer purchases a municipal fund security, the Designated Principal will ascertain that:

1. The appropriate municipal fund security application has been completed, signed and dated by the customer and RR.

2. The RR completed the AIC New Account Application (AIC12). The form must be signed and dated by the customer, RR, and Supervising Principal.

3. The investment portfolios selected appear to be suitable for the customer in light of their documented investment objectives and financial background.

4. The RR must be properly licensed, either Series 6 or Series 7.

5. The Designated Principal is properly licensed, either Series 51 or Series 53. Principals supervising RRs selling only Municipal Fund Securities have the option of taking either exam. Principals supervising RRs selling other forms of municipal securities are required to take the Series 53 exam.

6. If the source of funds for the municipal fund security is a mutual fund or variable annuity product, an AIC Acknowledgement of Investment Product Change form is required.

7. The RR must complete and submit with the other required forms a Section 529 Plan Disclosure Form (Form AIC 438) when selling an out-of-state plan to any client.

For 529 Plans, the Designated Principal's sign-off confirming that records are complete can be in any form deemed acceptable by Compliance.

I. Direct Participation Program (DPP)

AIC will approve the offering of any DPP subject to review by the Due Diligence Committee, on a case by case basis. The Due Diligence Committee will receive the sponsor's due diligence kit, prospectus, sales kits, disclosures, forms, and any additional marketing pieces that may be used to understand and recommend a DPP. The committee will evaluate

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the product, and determine if the DPP is a product AIC will offer. The committee may retain third parties to assist in performing due diligence on DPPs, such as Rose Thomas & Associates.

1. **Approval process of the program will include, at a minimum, a review of the following:**

   a. Sponsor's Experience - number of years in business, amount of equity raised, number of completed offerings, financial strength, sponsor's reputation, appraisals and pending litigation.

   b. Risk - need to have an understanding of the risk involved in the offering: default, foreclosure, change in tax laws, credit risk and risk of obsolescence.

   c. Program's compensation structure.

   d. Prior performance of offerings.

   e. Investment information - minimum investment, projected benefits, estimated holding period.

   f. Potential conflicts of interest with the general partner.

   g. Partnership agreement.

2. **Approval of Recommendation per Client**
   A Designated Principal will approve each client investment into a DPP. A review of the recommendation will include, at a minimum:

   a. Suitability

      i. Sponsor standards - The sponsor's suitability standard for investors. The client must be able to meet the minimum suitability guidelines as determined by income and/or net worth levels established by certain states disclosed in the prospectus.

      ii. Asset Allocation - Generally, no more than 10% of the investor's net worth should be in illiquid investments. This is a Guideline- exceptions may be permitted on a case by case basis, at the customer's request and principal's approval.

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iii. Source of Funds.

iv. Experience of Investor.

v. Tax Bracket of Investor.

3. **Documentation/Disclosures**

a. The RR must submit the executed forms required by the sponsor and AIC. AIC requires a separate disclosure, DPP Concentration Worksheet and Disclosure Form (AIC 439), to be completed by the customer acknowledging their understanding of the DPP and its unique investment characteristics and risks such as illiquidity, tax ramifications, and they may lose total investment dollars. The form also requires that the RR calculate the percentage of the client's assets in illiquid investments.

4. **RR License**

a. RRs must have a Series 7, 1, or 22 in order to be approved to sell DPPs.

J. Group Variable Annuities/Qualified Pension Plans

The Designated Principal will confirm:

1. An AIC 12 New Account Form (preferred) or Group Variable Annuity Institutional Investor form has been completed, and

2. Copy of the Group Annuity Application

3. Copy of the Board Resolution for the Company

4. Complete copy of the Qualified Pension Plan document.

5. Any other service forms required by the issuing insurance company.

K. Equity Indexed Annuities

The Designated Principal will confirm that the sale of Equity Indexed Annuities is in accordance with AIC's procedures, as documented below. Ameritas Investment Corp. has adopted a three-pronged product approach to the treatment of Indexed Annuities:

- Approved List Transactions - Outside Business Activity
- Non-Approved List Transactions- Special Submission

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Transactions

- Regular Way Transactions (Registered Indexed Annuities)

1. **Approved List Transactions** - Provided that the RR has reported to the Compliance Department that he/she is engaging in indexed annuity transactions and provided that the RR engages in sales in only those indexed annuities appearing on AICs approved list, AIC will treat such transactions as an outside business activity. Notwithstanding, AIC will require that certain disclosures be made to the client and that a client acknowledge their understanding of those disclosures. To the extent, however, that an indexed annuity is funded by the liquidation of securities, there are additional requirements where information must be submitted to AIC.

   Process Overview

   - RR must report to the Compliance Department that he/she is engaging in the sale of indexed annuities. This is accomplished by completing and submitting an Outside Business Activity Questionnaire (OBAQ).
   - RR may sell only those products on AIC's Approved List which is posted to Tools.
   - RR will be required to provide the client with a copy of the Indexed Annuity Statement of Understanding (available on tools4you.com), which will require a client signature. In addition, the client must be provided with the Explanation Disclosure – Indexed Annuity form, which is also available on the tools4you.com website.
   - If the transaction is funded through the liquidation of any securities product, the RR must secure an Acknowledgement of Securities Liquidation to Purchase an Indexed Annuity Form (AIC523) in addition to the disclosure documentation, and must submit the securities liquidation form to his/her supervising principal.
   - The RR will be required to record certain information relative to all equity indexed annuity transactions on an Indexed Annuity Transaction Blotter (AIC540), and also maintain other books and records for 3 years. The Indexed Annuity Transaction Blotter is available on the tools4you.com website.
   - On an annual basis, the RR will be required to answer questions relative to his/her equity indexed annuity business on their annual compliance questionnaire
   - On an ongoing basis, the RR shall ensure that the OBAQ that is on file with the Compliance Department remains current. If the information submitted on the OBAQ has changed, then the RR must submit an amended OBAQ.

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2. **Non-Approved List Transactions** - AIC will require that all equity indexed annuities not appearing on AIC's Approved List be treated the same as if the transaction was a private securities transaction. To that end, a pre-approval process is required and a RR is prohibited from engaging in the sale of the equity indexed annuity unless the RR secures the required written approval. In addition, the RR will be required to provide an upfront payment to AIC before the process of review commences, and must share a portion of the commission earned on the sale with AIC.

   RR's should take note that the pre-approval process is lengthy, and can take between 2 and 6 weeks depending upon the information made available by the RR. Note that an approval of a transaction in this manner does not get the product on the approved list. Please see Section 4.50.020 below for a discussion of the approval process.

3. **Regular Way Sales** - At this time, AIC does not have selling agreements for any Registered Indexed Annuity products. Please contact the Due Diligence Department if you'd like to request a selling agreement for a product. AIC will recognize Registered Indexed Annuity products for which we have a current selling agreement. All approved Registered Indexed Annuities will be treated in the same manner as registered securities products, (eg. variable annuities) and will be subject to all documentation requirements, policies and procedures as securities products. Registered Indexed Annuities must be submitted in the same manner as variable annuities and will require AIC new account forms and documents and compensation for these products will run through AIC's Commissions Department.

4. **Non-Approved List – Special Submission Procedures**

   a. Pre-Approval in Writing Required

   Prior to participating in an Indexed Annuity Special Submission Transaction, the RR shall complete the Indexed Annuity Written Notice Form (AIC532), and other required documents as outlined below, and then submit them along with a check payable to AIC for $500 to AIC Suitability & Assurance Department for review. The Suitability & Assurance Department will provide the written approval, if appropriate, and shall return the Indexed Annuity Written Notice Form to the RR. Only after the RR receives an approved Indexed Annuity Written Notice Form may he/she participate in the transaction. (Please note: this approval is on a per transaction basis only and does not apply to other current or future transactions in the requested product.)

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In the event that the Suitability & Assurance Department does not approve the RR's participation in the Indexed Annuity transaction, the RR may not participate in the transaction in any manner, directly or indirectly. The Suitability & Assurance Department will provide the basis for disapproval on the Indexed Annuity Written Notice Form or an attachment thereto.

b. **Required Documents and Fees**

1. A non-refundable fee of $500. If by check, check should be made payable to AIC. If request to debit commissions, there must be sufficient commissions available before review will commence.
2. Approved Indexed Annuity Written Notice Form
3. Copies of Vendor/Issuer Application and Required Documents (i.e. replacement forms, suitability forms, etc.)
4. Copies of Vendor/Issuer sales and marketing materials
5. Copy of Completed Indexed Annuity Statement of Understanding
6. Copy of Completed Securities Liquidation Form (if applicable)

c. **Books and Records** - All books and records created or secured that fall within the scope of this policy shall be maintained for a period of 3 years.

1. Indexed Annuity Application and Forms

A copy of the Equity Indexed Annuity Application and required forms/documents, including, though not limited to, Indexed Annuity application; 1035 exchange forms; issuer required suitability forms; Indexed Annuity Statement of Understanding; Acknowledgement of Securities Liquidation to Purchase an Indexed Annuity form, and other issuer or broker/dealer required client forms and disclosure must be filed separately in the associated person's respective branch office files. All copies of Indexed Annuity applications and forms must be maintained in the customer file.

2. Blotter

The Indexed Annuity Special Submission Transaction shall be recorded on the Associated Person's Indexed Annuity blotter. Indexed Annuity Transactions must be easily identified on the Indexed Annuity blotter, and must contain

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the name(s) of the client(s) and the name of the issuer through which the annuity was purchased.

3. Written Notice Form

All Indexed Annuity Written Notice Forms evidencing approval to participate in the Indexed Annuity transaction shall be filed in the customer file.

d. Fees and Compensation to AIC

The compensation due to AIC for each Indexed Annuity transaction submitted as a Special Submission Transaction is as follows:

20% of the commission earned by the representative plus the remaining amount subject to the grid, with $ 500.00 due at the time of the submission, which is non-refundable.

Example:
RR is at 75% payout. Commission earned by the RR for the sale of the EIA is $10,000. Amount due to AIC is $4,000. Since $500 is paid up-front, then RR owes AIC the remaining $3,500.

10,000 x 20% = $ 2,000
8,000 x 25% = $ 2,000

$500 is due to AIC before AIC conducts the review. If the transaction is approved, RR must share his/her commission with AIC as shown above. The net compensation due to AIC is required to be paid within 30 days of the receipt by the Associated Person's commission but in no event later then 60 days following transaction approval. In the event that the RR fails to submit the payment, AIC will charge the amount against the RR commissions. If a debit balance is created, the RR will pay interest on the money outstanding.

L. Institutional Accounts

1. Definition

Institutional Accounts shall mean the account of:

a. a bank, savings and loan association, insurance company, or registered investment company;

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b. an investment adviser registered either with the Securities and Exchange Commission under Section 203 of the Investment Advisers Act of 1940 or with a state securities commission (or agency or office performing like functions); or

c. any other entity (whether a natural person, corporation, partnership, trust or otherwise) with total assets of at least $50 million.

2. Documentation

The RR must submit proper trading authorization, which includes a Board Resolution for all corporate Institutional Accounts and the Institutional New Account Form (AIC223).

L. Tenants-In-Common Interest

Section 1031 of the Internal Revenue Code allows for tax-deferred exchanges of real property for certain tenants-in-common ("TIC") interests in real property offerings. In a TIC exchange, interests in real property are exchanged for instruments that generally are securities for purposes of the federal securities laws and FINRA rules. When offering TIC interests that are securities to customers, RRs must receive approval from AIC to execute TIC transactions prior to doing so and comply with all applicable FINRA rules, including those addressing:

suitability;
due diligence;
splitting commissions with unregistered individuals or firms;
supervision; and
recordkeeping.

In addition, members relying on private offering exemptions from the registration requirements of the Securities Act of 1933 must ensure that their manner of offering TIC interests complies with all applicable requirements, including the prohibition on general solicitation.

N. Customer Account Record Information

AIC is required to periodically furnish account record information to all customers. This requirement allows the customer to review the information that AIC has on file for his/her account. The rule identifies four events that trigger the requirement that AIC must furnish to a customer a copy of information contained in an account record. These events include:

1. the opening of an account;

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2. the periodic updating of an account that must occur at least every 36 months;
3. the change of customer name or address; and
4. the change of customer information (i.e. investment objectives).

AIC is required to periodically furnish each customer with the information, generally within thirty (30) days an account opening, change of customer name or address, and the change of customer information. AIC is required provide clients with the account information maintained by AIC at least every thirty-six (36) months thereafter.

VI. IMPROPER ACCOUNTS

Improper accounts include, but are not limited to, the following:

A. **Minors** - Except for Roth IRAs with proper custodianship, accounts are never permitted to be opened for a person who has not reached the legal age in the state in which he/she resides. This includes joint tenant accounts between an adult and a minor.

B. **Incompetent** - Persons legally declared mentally incompetent may only transact their affairs through a court appointed guardian or conservator as provided by a court order.

C. **States Where RR is Not Registered** - RRs may not transact or solicit business from a resident of any state in which the RR is not registered. ***The RR will not receive any commission resulting from such transactions.*** If the RR wishes to conduct business in a state, he/she must become appropriately licensed in that state. RR will be responsible for all licensing or registration costs.

When a customer moves to a state in which an RR is not currently licensed, the RR must become licensed in that state, reassign the account to another RR who is licensed in that state, or ask the client to move their account to another broker/dealer. For custodial accounts, the RR must be licensed in the state of residence of the custodian and ward, if these two reside in different states.

This restriction applies to the distribution of all sales literature, advertising and correspondence directed into a state.

D. Agents or attorneys acting for a third party without the proper documentation (including husbands acting on behalf of wives and vice versa).

E. Joint or group accounts with AIC's Associates and clients unless approved by the Compliance Officer.

F. Fictitious or nominee accounts.

G. Omnibus accounts unless for a registered broker/dealer.

H. Discretionary ERISA accounts, e.g. IRA, Keogh

I. Improper Margin Accounts -The following margin accounts are prohibited:

1. Fiduciaries, unless authorization has been documented and approved by the Compliance Officer.

2. Transfer or Gifts to Minors Accounts (UTMA/UGMA).

3. Any non-individual's account whose enabling document does not expressly permit purchasing or carrying securities on margin.

4. See other criteria noted under B. Margin Accounts above.

J. Joint Accounts with Customers - RRs may not establish joint accounts with customers including corporations or partnerships in which the RR and client are shareholders or partners.

K. Charitable Gift Annuities

REFERENCE: FINRA RULE 3010

VII. RECEIPT OF CUSTOMER FUNDS OR SECURITIES

AIC will ensure that documentation is maintained by its RRs for the receipt and delivery of customer funds and securities and that such funds and securities are remitted the same day to AIC or the appropriate clearing agent, underwriter, sponsor or escrow account.

REFERENCE SEC RULES 15c3-3, 15c2-4

VIII. TRADE REPORTING

Trading activity is captured in multiple systems, consolidated into a single database, then sorted for various reporting and review functions as stated below in Sections IX and X.

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IX. REVIEW OF TRANSACTIONS, COMMISSIONS, AND MARK-UPS

In compliance with FINRA RULE 3010 and MSRB Rule G-27(c), a Designated Principal will promptly approve each transaction. Evidence of such approval will be noted on a New Account Form (AIC 12), monthly transaction blotter or order memorandum.

A. Cash and Margin

Upon reviewing the transactions, a General Securities Principal will examine:

1. Frequent purchases or sales of a lower priced security.

2. Frequent or excessive transactions.

3. Transactions for the accounts of RRs, Associated Persons, or related accounts.

4. Rule 144 sales transactions.

5. Large quantity short sale transactions.

6. Designated securities or Penny stock transactions - RRs may not solicit transactions in low priced securities (commonly called penny stocks). Active trading in such issues on an unsolicited basis is also discouraged.

   In the event that a client wishes to purchase a penny stock on an unsolicited basis, the client must complete and sign the Penny Stock Disclosure Form (AIC 475) available on the tools4you.com website. This form contains important disclosures that the client must understand and acknowledge before a penny stock transaction can be processed through AIC. This form must be completed for the first unsolicited purchase of any penny stock. Subsequent purchases of the same issue do not require the completion of an additional disclosure form.

B. Options

1. Senior Registered Option Principal (SROP)

The Company will designate a SROP who is an officer of the firm that will have responsibility for supervision and compliance with option related laws and regulations. The SROP shall develop and implement a written program providing for the diligent supervision of all of its customer accounts, and all orders in such accounts, to

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the extent such accounts and orders relate to options contracts. The SROP shall also develop and implement specific written procedures concerning the manner of supervision of customer accounts maintaining uncovered short option positions and specifically providing for frequent supervisory review of such accounts.

2. Compliance Registered Options Principal (CROP)

The Company shall designate and specifically identify to FINRA a Compliance Registered Options Principal, CROP, who may be the SROP, who shall be responsible to review and to propose the appropriate action to secure the Company's compliance with securities laws and regulations and FINRA rules in respect of its options business.

3. Options Communication with the Public

In addition to the definitions of "advertisement" and "sales literature" as noted in this Section, "educational material" will be defined as any explanatory material distributed or made generally available to customers or the public that is limited to information describing the general nature of the standardized options markets or one or more strategies.

Every option advertisement and all educational material will be submitted to the FINRA's Advertising Department at least ten (10) days prior to use. Prior to sending the material, the Designated Options Principal will review and approve it. A separate file will be maintained for option advertising.

The Company will also adhere to the standards enumerated in this Section including the following:

a. Special risks of option transactions and the complexities of certain types of options. Such communication will include a warning that options are not suitable for all investors. Presentations highlighting opportunities of options will be balanced by including the corresponding risks.

b. Advertisements will only contain a brief description of the options, and that the issuer of every option is the Options Clearing Corporation.

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c. Communications will indicate the address of the Company as the location where an Options Disclosure Document can be obtained.

4. Option Accounts

Representatives are responsible for ensuring that customers wishing to establish Options Accounts have completed and signed the appropriate clearing firm Option Account documentation. A copy of the Option Disclosure Document must also be provided to the customer prior to establishing the account and the date that this Disclosure Document is given to the client must be recorded on the Option Account paperwork, where indicated.. Registered representatives must be aware of AIC's and the clearing firms' restrictions when establishing Option Accounts. That is, the level of option activity must be suitable for the customer and will be approved on a case by case basis.

Option accounts can only be approved by the Company's SROP/CROP or his/her designee and must show evidence of their review by initialing the appropriate documents.

a. Documents Furnished to Client

The following documents must be provided to the customer prior to the approval of the option account:

i. Option Clearing Corporation Disclosure Document
ii. Option Account Agreement for the appropriate clearing firm
iii. Margin Agreement if applicable

An account will not be approved unless all documentation has been completed, and will be initialed or signed as approval of such account. The ROP approval will also appear on the option account document.

b. Delivery of Current Disclosure Document

No registered representative shall accept an order from a customer to purchase or write an option contract relating to an option class that is the subject of an option disclosure document, or approve the customer's account for the trading of such options, unless the Company furnishes, or has furnished, to the customer, the appropriate option disclosure document(s). In addition, a current copy of the appropriate specialty option disclosure document will be provided if necessary, if the customer's account has been

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approved for option trading in accordance with the provisions of the following sections.

Option Exercise Allocation Methodology

AIC has a responsibility to advise option clients of the method of option allocation and the exercising of option assignments. AIC will utilize its clearing firms' methods of option assignment. AIC will send its option customers information supplied by the clearing firms regarding the policies and methods of option exercise allocation. This disclosure will generally be contained on the option account form. [FINRA Rule 2860(b)(23)(C)].

c. Diligence in Opening Accounts

A Registered Options Principal (ROP) shall promptly review and initial each new account form as evidence of a review of each new option account opened. In approving a customer's account for option trading, the ROP shall exercise due diligence to ascertain the essential facts relative to the customer, his/her financial situation, and investment objectives. The clearing firm Option Agreement Form provides for the necessary information.

The investment information recorded on the form should be completed by the registered representative in conjunction with the customer and should contain, at a minimum, the following:

i. investment objectives;
ii. employment status;
iii. annual income;
iv. net worth, exclusive of family residence;
v. liquid net worth;
vi. marital status and number of dependents;
vii. age; and
viii. investment experience and knowledge.

In addition, the customer's new account file shall contain the following:

i. sources of background and financial information;
ii. date disclosure document(s) furnished;
iii. nature and type of transactions for which account is approved;
iv. name of registered representative servicing account;

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v. name of ROP approving account and date; and
vi. dates of verification of accuracy of account information.

Background and financial information is required to be verified by sending the information to the customer for verification within fifteen (15) days after the customer's account has been approved for option trading. In addition, this information must again be sent to the customer for verification whenever the Company becomes aware of a material change in the customer's financial status.

A "negative verification" provision is included pursuant to which, if verification is sought for any material change in the client's financial situation, information sent to a customer for verification will, absent advice from the customer to the contrary, be deemed to be correct.

d. Option Agreement Form

Within fifteen (15) days after a customer's account has been approved for option trading, the Company shall obtain from the customer a signed agreement that he/she is aware of and agrees to be bound by the rules of FINRA applicable to the trading of option contracts and, if he/she desires to engage in transactions in options issued by the Options Clearing Corporation (OCC), that the customer has received a copy of the current disclosure document(s) required to be furnished under FINRA Rule 2860(16)(D) that he/she is aware of and agrees to be bound by the rules of the OCC. In addition, the customer should indicate on such written agreement that he/she is aware of and agrees not to violate the position and exercise limits established pursuant to Rule 2860.

e. Option Transactions

Option transactions will be reviewed by the Senior Registered Options Principal or Compliance Registered Options Principal (SROP/CROP) or his/her designee. The options review will include, at a minimum, examining options transactions for:

i. Large purchases of "out of the money" contracts close to expiration;
ii. Large uncovered call or put positions;
iii. Unusual option strategies; and
iv. Suitability of transactions in the account.

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Responsibilities of the SROP/CROP

The SROP will be responsible for the following:

Review the acceptance of all options accounts, unless this is designated to a CROP.
Ensure the development of training for registered representatives and the ROPs.
In addition to the information required to open a cash account, prior to opening an option account, the Designated Options Principal (i.e., SROP/CROP) will ascertain that:

The Company has provided the customer with a copy of the booklet "*CHARACTERISTICS AND RISK OF STANDARDIZED OPTIONS*" and the date the booklet was delivered to the client is clearly indicated on the clearing firm Option Agreement;

The appropriate clearing firm Option Agreement has been completely prepared, signed and dated by the customer and the registered representative;

The customer appears suitable for trading in options based on the information in the new account form and the option agreement prior to effecting the initial transaction;

Additional information shall be obtained, such as:

Source or sources of trading experience and financial information,
Date the disclosure documents are furnished to customer, and
Types of option trading approved.

f. Position Limits
Option position limits will be subject to the provisions of FINRA Rule 2860(b)(3). The ROP will have responsibility to check no less than weekly the Option Positions by Expiration Date which will list the open option positions. In addition, no person with accounts of the firm shall exercise for any account in which the person has an interest or for the account of any partner, officer, director or employee thereof will have exercised alone or in concert within any 5 five consecutive days a number of option

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contracts of a class of options in excess of the limits established by Rule 2860(b)(3). Positions which aggregate to 200 or more option contracts will be reported by the clearing firms to FINRA identifying the person, total number of contracts on the close of business of the next business following the day on which the transaction(s) requiring the filing occurred. The Designated ROP during his/her weekly review will check to determine whether such a report is required to be filed, and if so, whether the report was filed.

A Registered Options Principal will review and initial options transactions.

The Designated Principal will examine activity for:

1. Large purchase of "out of the money" contracts close to expiration.

2. Large uncovered call or put options.

3. Unusual option strategies.

C. Municipals

A Registered Municipal Principal will perform regular and frequent reviews of municipal transactions to detect irregularities or to prevent abuses.

In addition to the above-listed factors to be considered, the Designated Principal will promptly supervise securities transactions either by reviewing each order ticket or reviewing the purchase and sales blotter with commission (mark-ups) noted. The Municipal Principal will monitor compliance of the firm's mark-up policies for riskless principal transactions and commission charges for agency transactions.

Municipal trading will deal in three major types of securities transactions, listed as follows:

1. *Agency* - Transactions in which the agent (broker-dealer) assumes no market risk and is compensated by a pre-arranged commissioned fee.

2. *Principal* - Transactions executed for the broker-dealer's account. In such trades, the broker-dealer is acting as a principal, buying and selling securities through its own inventory and absorbing whatever market gain or loss is made on the transaction.

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3. *Riskless Principal* - Transactions in which the purchase and sale occur almost simultaneously. Exposure to market risk is limited by the brief period of actual ownership and profit resulting from the dealer-initiated mark-up, the difference between the purchase and sales price.

AIC's mark-up and commission charges will be based upon a consideration of all relevant factors including:

1. Type of security involved.

2. Availability of the security in the market.

3. Price of the security.

4. Disclosure to the customer.

5. Profit resulting from transaction.

6. Amount of money involved.

7. Final maturity date.

In the cases of riskless principal transactions, the mark-up will be based upon contemporaneous cost. It is understood that the 5% mark-up/commission policy for equity and corporate debt, and 2%-3% range for government securities and municipal securities represents a guideline only. The supervising Principal's judgment is necessary in fulfilling his/her responsibility in determining the fairness of the mark-ups.

Reporting Transactions in Municipal Securities
Municipal Securities Rulemaking Board (MSRB) Rule G-14 requires that all inter-dealer and retail transactions be reported to NSCC. The MSRB expects broker/dealers to submit all of their trades for clearance on trade date and regulatory action may be taken against firms that fail to maintain at least a 95% success rate. A broker/dealer may use an agent to submit the required information, but primary responsibility for timely and accurate reporting lies with the broker/dealer. Each broker/dealer must obtain a broker symbol from FINRA to identify transactions for reporting purposes.

Brokers, dealers and municipal securities dealers ("dealers") must use National Securities Clearing Corporation's Real-Time Trade Matching system ("RTTM") for real-time comparison of inter-dealer trades and must use MSRB's Real-Time Transaction Reporting System ("RTRS") for real-time trade reporting.

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Transactions effected with a Time of Trade during the hours of the RTRS Business Day shall be reported within 15 minutes of Time of Trade to an RTRS Portal except in the following situations:

(A) Syndicate managers, syndicate members and selling group members that effect trades in new issues on the first day of trading at the list offering price shall report such trades by the end of the day on which the trades were executed.

(B) A dealer effecting trades in short-term instruments under nine months in effective maturity, including variable rate instruments, auction rate products, and commercial paper shall report such trades by the end of the RTRS Business Day on which the trades were executed.

AIC's clearing firms will report all applicable transactions on behalf of the firm.

On a monthly basis the Operations Department will access the MSRB Web Site to monitor that the clearing firm has reported all applicable trades on the firm's behalf and resolved all rejections.

D. PRIVATE PLACEMENTS

1. Agreements

The Due Diligence Review Committee will ensure that all private placement memorandums are executed and maintained in the files pursuant to SEC Rule 17a-4. In no case will these agreements be permitted to bind the firm to a participation that would cause a capital deficiency.

2. Due Diligence

The Due Diligence Review Committee will review and maintain all appropriate documents necessary to demonstrate the fulfillment of the firm's due diligence responsibilities as it relates to each private placement memorandum. Such documents may include:

a. Final and Preliminary private placement memorandum
b. Blue Sky Memorandum, if applicable
c. Correspondence
d. Any Research and/or Analysis (gathered during the structuring of the deal)
e. Financial Statements and/or Filings of the Issuer
f. Free-Riding Questionnaires

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3. **Offerings Not Required To Be Filed (with the FINRA Corporate Finance Department)**

   a. Exempt Securities (exempt from registration under Sections 4(1), 4(2) and 4(6) of the '33 Act. Rule 504, unless considered public in the state where offered, Rule 505 and 506 of Regulation D)
   b. Securities Defined as Exempt by Section 3(a)(12) of the 1934 Exchange Act
   c. Open-end Investment Companies
   d. Variable Contracts
   e. Municipal Securities
   f. Rated Non-Convertible Debt Securities
   g. Securities Registered with the SEC or Form S-3 or F-3 Offered Pursuant to Rule 415

4. **Best Efforts Underwriting**

   a. The Designated Principal(s) will review all best efforts underwriting private placement memorandums for securities sold by the Company. This review will encompass:

      i. registration exemptions
      ii. disclosures to investors
      iii. compensation to underwriters
      iv. contingencies of the offering
      v. escrow requirements
      vi. due diligence materials

   b. **Sales Practices**
   The Designated Principal will ensure that all sales to customers are executed in accordance with the provisions of the private placement memorandum. Sales persons will ensure that customer(s) receive the appropriate private placement memorandum. Such provisions may include:

      i. suitability profile (accredited vs. non-accredited)
      ii. use of escrow agent pursuant to SEC Rule 15c2-4
      iii. meeting contingencies required by the offering through bona fide sales only (min-max/all or none)

   The Designated principal will review the above noted documents and evidence his/her review by initialing that record.

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c. **Contingent Offerings**

Best efforts offerings which include contingencies such as all or none, or minimum-maximum subscription amounts, require the prompt deposit of investor funds into a separate bank escrow account pursuant to SEC Rule 15c2-4. The rule allows certain broker/dealers to act as agent for investors, however, most firms must appoint a bank as escrow agent. This is determined by the amount of capital a firm is required to maintain under SEC Rule 15c3-1. Funds deposited in either type of escrow account are held until the contingency outlined in the offering document is met and then distributed to the issuer. In the event that the contingency is not met within the time frames allowed, the funds are returned directly to the investors. Sales used to meet any contingencies must be bona fide sales for investment purposes; therefore, it may be a violation of SEC Rule 10b-9 if an underwriter or its affiliates purchase securities for the purposes of meeting a contingency.

The Company will open an escrow account as required by SEC Rule 15c2-4 for contingent best efforts offerings. An independent bank escrow agent will act as trustee for the separate bank account pursuant to paragraph (b) of SEC Rule 15c-2-4. All checks will be made out to the escrow account and those received by the broker/dealer will be promptly transmitted, by noon of the next business day, to that escrow account. The receipt of checks will be recorded on the Company's cash receipts and delivered blotter. An escrow agreement will be in force at the time that the account is open. The Designated Principal will establish and monitor the escrow account, and will review the bank statements on a monthly basis. Initialing and dating the statements will evidence all reviews. The Designated Principal will determine when contingencies have been met pursuant to the offering memorandum and subsequently authorize the escrow account trustee to release funds to the issuer. This will be documented by memo from the principal to be maintained in the escrow account file. In cases in which the Company is not managing the offering, it will request a letter from the issuer or managing broker/dealer confirming that the contingency was met.

Under no circumstances will the Company "force-close" a deal through the purchase of the security for its own account or that of related parties for the purpose of resale

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subsequent to the closing. The Company will insure compliance with the provisions of SEC Rule 10b-9 and 15c2-4, and will maintain copies of the escrow account statements for at least three (3) years.

REFERENCE - SEC Rule 15c2-4/10b-9 and NTM 98-4

d. Offerings Exempt From Registration

Section 4(2) of the Securities Act of 1933 (33' Act) exempts "...transactions by an issuer not involving any public offering." The SEC has adopted a series of rules to provide a "safe-harbor" for an exemption under this section, which provides non-exclusive provisions for obtaining the exemption.

In early 1982, the SEC adopted Regulation D (Reg D), which attempts to unite all former SEC rules pertaining to private placements, including specifically Rules 240, 242 and 146, which were rescinded. Although an attempted compliance with any rule in Regulation D does not act as an exclusive election, the issuer can also claim the availability of any other applicable exemption. Strict compliance with its provisions is required to obtain the safe-harbor of Reg D's exemption. Reg D outlines guidelines which if met, will ensure compliance with the exemption. Failure to comply with the provisions of Reg D does not necessarily imply that the 4(2) exemption of the 33' Act is not available, as Section 4(2) can be construed more broadly than Reg D, but the burden of proof falls with the issuer and the broker-dealer to show that the standards of either Regulation D or Section 4(2) are met. Regulation D also serves as an exemption for certain transactions under Section 3(b) of the 33' Act.

Where a 4(2) exemption is claimed, a broker-dealer must be prepared to demonstrate that the exemption was available. From time to time, AIC acts as an agent in private placements of various types of securities. Information about such private placements, and coordination of such offerings, are accomplished by the Corporate Finance Department.

A Private Placement may be determined to be exempt from registration under Section 4(2) of the 33' Act (also known as the "issuers" exemption) based on such factors as:

i. The number of offerees (usually 25 or less)
ii. Number of units offered

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iii. Total dollar amount of the offering
iv. Method of offering
v. Sophistication of investors

Rule 506 emphasizes purchasers of a security while Section (4)(2) emphasis offerees including those who do not invest, therefore, the method of offering is very important.

e. Company Procedures
No registered representative may sell any security in a private placement without the express approval of the Due Diligence Review Committee. Failure by any registered representative to obtain the appropriate approval is grounds for severe disciplinary action, including immediate dismissal.

E. AFFIRMATIVE DETERMINATION OF SALES TRANSACTIONS

In order to comply with Regulation SHO, AIC will review sales transactions on a daily basis. The review will focus on determining if the sales were short, short exempt or long. A Principal will review Short Sale Daily Activity Reports and Short Sale Locate Exception Reports to verify that the appropriate affirmative determination requirements were fulfilled and reconciled.

A sale should be marked 'long' if the client owns the security being sold, the client is net-long the security, and the security is in negotiable form in the client's account. A sell order may also be marked as 'long' if the position is not long in the account, but there is a reasonable expectation that the securities will be in the physical possession of AIC Operations prior to settlement date. A sale should be marked 'short sell exempt' for the sale by a client who owns the securities being sold, where the securities are not in good form to effect delivery on settlement date, but the shares will be received from the client by trade date plus 35 days (at the latest).

A sale should be marked 'short' whenever a client is selling securities that (1) the client does not own, (2) where the client is net-short the securities, or (3) where the seller owns securities but they are not held in the account in good form to effect delivery by trade date plus 35 days.

F. Best Execution

Each week, AIC Operations will randomly select a number of trades and review them for best execution. The price received is compared to "Time

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and Sales" to verify that the execution price is within the bid/ask range. This review is kept electronically by AIC Operations.

AIC has established a link from its website (www.aicinvest.com) to its clearing firms' websites. Each quarter, these websites are reviewed by AIC Operations Department to be certain the sites are updated.

G. Order Audit Trail System (OATS) Reporting.

AIC has retained its clearing firms to perform the necessary OATS reporting under FINRA rules. The AIC Operations Manager or his/her designee is responsible for OATS reporting supervision. The AIC Operations Manager, or a designee, reviews the OATS website daily to ensure the firm's OATS submissions are timely, accurate and complete. The Manager, or his/her designee, will access the OATS website FORE Status Notification tab and verify that OATS reports have been accepted. This page will be printed out and saved on a daily basis. In the event of a rejected report, the Manager or designee will contact the clearing firm for remedy/resubmission. The Principal will select trades from OATS Audit Trail reports, selecting trades daily, and verify that the reports are accurate. The Principal will clearly note the trades reviewed and electronically initial the report, which is held electronically at AIC.

H. Trade Reporting Compliance Engine (TRACE)

The Trade Reporting and Compliance Engine (TRACE) is the FINRA-developed vehicle that facilitates the mandatory reporting of over-the-counter secondary market transactions in eligible fixed income securities. All broker/dealers who are FINRA member firms have an obligation to report transactions in corporate bonds to TRACE. Rule 6200 of the FINRA Conduct Rules sets forth the specific requirements to which AIC must adhere in reporting transactions in fixed income securities business. Currently, Rule 6230 of the TRACE Rules requires AIC to submit information to TRACE on over the counter secondary market transactions in eligible fixed income securities within 15 minutes of the time of execution. The term "time of execution" for a transaction in a TRACE-eligible security shall be the time when the parties to the transaction agree to all of the terms of the transaction that are sufficient to calculate the dollar price of the trade.

AIC has retained it's clearing firms to perform the necessary TRACE Reporting under FINRA rules. AIC Operations prints TRACE reports each month from the FINRA Records Center. This information will be compared and reconciled with the daily TRACE report and bond trade books. If any data cannot be reconciled with these reports, an investigation with the clearing firm's compliance department will be

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initiated. Electronic copies are retained in AIC Operations with trade reports for the same time period.

Specifically AIC will look for:

- Appropriate disclosure in the firm's clearing agreement outlining the clearing firm's services and responsibilities with respect to TRACE eligible securities.
- When and how transactions are being reported
- Transaction information being reported
- Timeliness of execution

I. Handling of Customer Orders During Market-Wide Trading Halts

AIC is required to abide by Nasdaq security trading halts and SEC trading suspensions as soon as the halt or suspension is announced on Nasdaq News. The firm is prohibited from, directly or indirectly, effecting any transaction in any security for which a trading halt is in effect.

Customer market and limit orders may be accepted during the halt period, but the customer and the registered representative must be informed of the halt and that the order will not be executed until the halt is lifted by Nasdaq. Nasdaq's MarketWatch Department will continually update the status of the trading and will notify members of the exact time the trading halt will end.

J. Limit Order Policy

For clients participating in the over-the-counter (OTC) markets, the following represents the Company's policy for acceptance of OTC limit orders:

a. Comparison of Limit Orders to Clearing Firm

The limit order file will be compared back to the Company's clearing agent on a periodic basis to ensure the accuracy of open orders. Discrepancies will be researched, noted and immediately corrected, when appropriate.

b. No Requirement to Accept Limit Orders

FINRA does not mandate that broker/dealers accept limit orders from customers. In addition, broker/dealers may attach terms and conditions governing the acceptance of limit orders from institutional customers (e.g., banks and mutual fund companies, or other entities with total assets of at least $50 million) on large orders (orders for at least 10,000 and at least $100,000 in value). Provided, that such terms and conditions are disclosed to the customer at the time the order is accepted.

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c. Good Til Cancel Purge Policy

Good Til Cancel (GTC) orders will be purged after 120 days. RRs are required to monitor all open GTC orders in accounts, and are responsible for reentering any expiring GTC orders, where appropriate.

K. Order Ticket Procedures

Preparation of Order Memorandums

An order ticket must be prepared for every order accepted from customers by AIC. Records of trade memoranda shall be maintained by AIC. On transactions placed through the clearing firm, AIC will receive an electronic copy of the confirmation for the order from the clearing firm. The RR should compare this to the ticket and any error should be brought to the attention of the Designated Principal immediately. The minimum information on each order ticket placed through the clearing firm is:

a. customer's account number;
b. whether trade is a "buy" ,"sell" or "sell short";
c. if sell, whether customer is "long " or "short";
d. whether it is a market or a limit order;
e. if sell, location of the security;
f. size of the trade;
g. security description;
h. commission amount;
i. solicited or unsolicited;
j. the time of receipt the order was received from the customer;
k. time order is called to the Trade Desk or was entered electronically by the RR ;
l. person receiving the order at the trade desk;
m. execution price;
n. time of execution or cancellation;
o. whether discretion was exercised;
p. identity of each Associated Person responsible for the account;
q. identity of any other person who entered or accepted the order on behalf of the customer;
r. if applicable, a notation that a customer entered the order on an electronic system.

No change to the account number or account designation on the order ticket shall be made unless a home office principal has approved the change [3110.(d)].

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AIC is not required to create an order ticket for transactions entered on a subscription basis directly from or to the issuer so long as the Company maintains a copy of the subscription agreement.

REFERENCE: FINRA RULE 3010 AND MSRB RULE G-27, 17,18,19,30

X. REVIEW OF CUSTOMER ACCOUNTS

AIC has established parameters for obtaining automated reports from its brokerage clearing firms, the CAESAR System, commission reports, the imaging system, and other available resources. These reports are run at least monthly, and are forwarded to Designated Principals for review and possible action, if deemed necessary. Copies of the reports are sent to the Compliance Officer or his/her designee. Current Exception reports include 1035 Exchanges; Active Accounts; Multiple Mutual Fund Family Purchase; Switch; Redemptions; B Shares; and C Shares. Parameters for additional Exception Reports may be created as the need arises.

Annually, the Compliance Department will inspect OSJ offices and this inspection will include the review of accounts for suitability.

A Designated Principal will periodically, but not less than quarterly, review random customer accounts. AIC will also select accounts for further review from the system-generated Exception Reports or other AIC reports. A report of such review will be maintained noting the accounts reviewed and any deficiencies identified. In conducting the review, the Designated Principal will examine for:

A. Suitability of Recommendation.

B. RRs sharing in customer accounts.

C. Churning.

D. Free riding by RR or Associated Persons.

E. Non-prompt payment of transactions.

F. Regulation T violations.

G. Excessively large positions.

H. Substantial losses.

I. Concentration of low-priced securities.

J. Excessive option trading.

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K. Position limits in excess of options contract limitations.

L. Unusual or questionable transactions.

M. Breakpoint sales.

N. Switching

O. B Share transactions

P. C Share transactions

AIC Compliance will perform a random, quarterly Examination of ALIC and UCL **Variable Activities** for:

A. Suitability of Selected Portfolios

B. Frequency of Transactions or account activity

C. Propriety and proper use of replacement and 1035 exchange documentation

D. Completion of AIC 12 or new account documentation included in the application

E. Adherence to AIC Switch Policy

F. Suitability approval by AIC Designated Principals on business submitted by AIC Registered Representatives

Variable life and annuity business will be reviewed on a quarterly basis. Ameritas Internal Audit Department will provide a list of policy numbers selected at random for review. In the event unacceptable trends are identified during the review, Internal Audit will provide additional cases for review until sufficient cases have been evaluated to determine if the original trends were an anomaly or if a problem exists.

REFERENCE: FINRA RULE 3010, 2310 - MSRB RULE G-27

XI. APPROVED LISTS

AIC maintains an equity and mutual fund approved list for RRs to refer to when suggesting investments.

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A. **Mutual Funds** - A mutual fund approved list is maintained and updated by AIC's Due Diligence Department and provided to the RRs via the internet website. The list serves as a guide for RRs in selecting funds to recommend to their clients.

B. **Variable Insurance Products** - A variable insurance products approved list is updated by AIC's Due Diligence Department and provided to RRs via the internet website. New sale of variable insurance products (life and annuity) must be for those companies identified in the list.

C. **Equity Indexed Annuities (EIA)** – An EIA product approved list is updated and maintained by AIC's Due Diligence Department and provided via the firm's internet site. See section V.K. for full details and procedures on EIAs.

XII. CUSTOMER COMPLAINTS

A Complaint is defined under FINRA RULE 3110 as "any written statement of a customer or any person acting on behalf of a customer alleging a grievance involving the activities of those persons under the control of the member in connection with the solicitation or execution of any transaction or the disposition of securities or funds of that customer."

AIC's Compliance Policies and Procedures Manual requires that complaints be immediately reported to a Supervising Principal. The Designated Supervising Principal must, in turn, immediately notify the Compliance Officer.

A. The Compliance Officer is responsible for the electronic filing with FINRA of certain specified events, within 10 business days of their occurrence, and will file quarterly statistical information regarding written customer complaints.

B. All written customer complaints must be fully documented. All such complaints must be promptly forwarded to the Compliance Officer for timely review and resolution.

C. Complaints pertaining to municipal securities will be initialed and reviewed by a Municipal Principal. Upon receipt of a complaint involving a municipal security transaction, an MSRB investor brochure will be delivered to the customer promptly. Such mailings will be documented in the complaint file.

D. Complaints pertaining to options will be initialed and responded to by an Options Principal.

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E. A home office complaint file will be maintained for customer complaints and written responses for a period of at least six years. A separate options complaint file will be maintained for all option related complaints. A separate municipal complaint file will be maintained for all municipal related complaints.

REFERENCE: FINRA RULE 3110, 3070 - MSRB RULES G-18(a)(xii), G-10

XIII. REVIEW OF CORRESPONDENCE

FINRA Rule defines correspondence as any written or electronic communication prepared for delivery to a single current or prospective customer, and not for dissemination to multiple customers or the general public.

FINRA Rule requires review of all incoming correspondence to ensure proper handling of customer complaints and to ensure customer funds and securities are handled in accordance with firm procedures.

Because all incoming correspondence is subject to review, Associated Persons are reminded that their personal correspondence should not be received at the firm. If it is, it will be subject to being opened and reviewed.

A. Incoming Correspondence -

1. **Branch Offices:** Branch offices will open and review correspondence, photocopy personal securities correspondence, and prepare an Incoming Correspondence Log of personal securities correspondence.

   On a monthly basis, the branch office will forward the copies of personal securities correspondence and the Incoming Correspondence Log to the supervising registered principal for review. Personal securities correspondence does not include junk-mail, advertisements, or correspondence not relating to securities.

2. **OSJs:** In AIC OSJs, the OSJ Supervising Principal or his/her designee will be responsible for opening all incoming written correspondence. All personal securities correspondence received will be recorded and photocopied, and the records retained, as required by SEC rule. The Monthly Transaction Blotter will list all checks and securities. Complaints and regulatory inquires received at the OSJ will be separately logged, copied and forwarded to the Compliance Officer. Personal securities correspondence does not include junk mail, advertisements, or correspondence not relating to securities.

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B. Written Correspondence with the Public

1. **Administrative Correspondence** – Letters to less than 25 clients that do not contain an investment recommendation or promote products or services are considered "administrative correspondence" and **do not require prior approval.** Examples of administrative correspondence include follow-up letters from client meetings, letters requesting the client's signature of certain forms, and letters reminding a client of an upcoming appointment.

   Rather than seek prior approval of administrative correspondence, RRs must maintain an Outgoing Correspondence Log (AIC515) to record each piece of outgoing administrative correspondence. Copies of all administrative correspondence must be attached to the Outgoing Correspondence Log. The Log and the copies must be submitted on a monthly basis to your OSJ (if applicable) or to the Compliance Department for review and retention.

2. **Solicitation Correspondence** – Letters to clients that contain recommendations regarding securities or financial issues, or discuss securities products in any level of detail must be approved by a Principal **prior** to use. Generally, any letter involving securities that does not meet the definition of administrative correspondence is considered solicitation correspondence and must be approved prior to use.

   RRs that are part of an OSJ may be able to submit correspondence to their OSJ principal for approval. All other RRs must submit to the Compliance Department via fax at 402-325-4212 or 877-433-6375.

3. **Form Letters** - AIC's policy is that any form letter (defined as a solicitation letter being sent to 25 or more existing or prospective customers) involving securities is considered sales literature rather than correspondence. Sales literature must be approved by a Principal in the Compliance Department **PRIOR TO USE. It cannot be approved by an OSJ Principal.** Sales literature is subject to additional FINRA rules and may be subject to filing with the FINRA Advertising Department. The process involves the payment of review fees, and internal review and approval prior to sending to FINRA, and can take eight weeks or more before the FINRA review comments are received and the piece can be used with the public. If an RR is interested in mailing a form letter, the Compliance Department should be contacted to discuss the process. It is strongly recommended that RRs do not create their own form letters but use an existing pre-approved letter.

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Please remember that modification to a FINRA reviewed letter(s) or Compliance approved letter(s) requires re-submission for approval. All approved form letters, defined as sales literature by FINRA, will be maintained in the centralized advertising/sales literature files. All form letters shall be maintained for three (3) years after final use.

4. **Business Mail** - RRs should not send business mail from their homes nor receive correspondence from clients at their homes unless the RR's home is officially designated as a detached location and as such, is subject to all compliance related rules, regulations and policies and procedures.

5. **Fax Transmissions** – Correspondence sent to clients or potential clients via fax is subject to the same requirements outlined above for written correspondence.

C. **Electronic Communication with the Public**

All RR email to clients regarding securities products must be conducted through the Advisor Mail system. Each RR has been provided with an account on the Advisor Mail system. Advisor Mail can be accessed via the "Rep Email" button on the tools4you.com website. In addition, RRs have the option of registering their own domain name with the Advisor mail system, allowing RRs to use a personalized email address. Please contact the Compliance Department for details.

The Advisor Mail system facilitates AIC's review and monitoring of RRs securities-related emails. All review is conducted on a "post-use" basis. An AIC Principal will review all email that is flagged for review by the Advisor Mail system within 72 hours. If problems are noted, RRs will be contacted immediately to correct the problems. An RR may be placed on pre-review status if a pattern of non-compliant emails is detected. In addition, repeat violations may result in disciplinary action against the RR.

Emails that will be sent to 25 existing or prospective clients must be approved by an AIC Principal prior to use. Examples of such emails include weekly commentary, electronic newsletters, market updates, etc. that will be delivered via email. Please submit such items to the Compliance Department for review prior to sending.

RR e-mail records must be made available during office inspections. All communications using the RR E-mail service will be archived and stored at the home office location of AIC.

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1. **Instant Messaging** - RRs may not communicate with customers or the general public using Instant Messaging. Instant Messaging, as defined by FINRA, is a technology that alerts on-line users when other users are on-line and enables both users to communicate in real time.

2. **Blogs, Podcasts and Chatrooms** – In limited cirucumstances, RRs may utilize blogs, podcasts, chatrooms, and other similar electronic communications, provided that all such items are submitted to the Compliance Department for approval **prior** to use. A script or printout must be submitted to the Compliance Department at least 2 weeks prior to the RRs intended first use of the item. All advertising and/or sales literature standards and requirements apply to such items.

3. **Sanctions** - AIC views its supervisory responsibilities in this area very seriously. Use of unapproved material, or approved material that has been altered in any way will result in a fine, as well as disciplinary action.

REFERENCE: FINRA RULE 2210, 2220, MSRB G-21, Sec Rule 17a3(a)(20)

XIV. BUSINESS CARDS AND LETTERHEAD

All business cards and letterhead used by registered representatives of AIC must be reviewed and approved by the Compliance Department **before** they can be used with current and potential clients. In addition, the registered representative must submit to the Compliance Department a final sample of his/her business cards and letterhead.

XV. ADVERTISING AND SALES LITERATURE

Ameritas Investment Corp. has adopted the Advertising Policy and Procedure for Ameritas Life Insurance Corp., which is attached as **Addendum E**. The following is a summarization of the Policy and Procedure, together with additional requirements relating to specific types of business conducted by AIC. Refer to the full Policy and Procedure for additional information.

A. Advertising, as defined by FINRA, includes, but is not limited to, "materials published or designated for use in periodicals, radio, television, telephone or tape recording, video display, signs or billboards, motion pictures, telephone directories or other public media."

B. Sales literature, as defined by FINRA, includes, but is not limited to, "any written communication distributed or made generally available to

customers or the public which communications does not meet the definition of advertising. Sales literature would include circulars, research reports, market letters, performance reports or summaries, form letters, standard forms of option worksheets, seminar text and reprints or excerpts of any other advertisements, sales literature or published articles."

C. Each item of advertising and sales literature must be approved by the Compliance Officer or his/her designee **PRIOR TO USE**. Evidence of approval would include the Designated Principal's initials, date of review/approval, where the advertisement was published and date the advertisement was used.

D. All advertising promoting registered investment company shares (including mutual funds, variable contracts including group variable annuities, and unit investment trusts) must be reviewed by FINRA, if required, prior to use with the Compliance Department's pre-approval.

E. State insurance departments may require additional pre-filings directly with the state. AIC will submit advertising as required by applicable state regulations.

F. Advertising pertaining to options must be approved, initialed and dated by the Compliance Registered Options Principal prior to first use.

G. Advertising pertaining to municipal securities must be approved, initialed and dated by a Municipal Principal prior to first use.

H. All seminar text, defined by FINRA as sales literature/advertising relating to registered investment company shares (including mutual funds, variable contracts and unit investment trust), must be pre-approved by the Compliance Officer or his/her designee as well as filed with FINRA's Advertising Department. All text submitted must, at a minimum, include a bullet point outline of the key points of the seminar. All materials distributed to the attendees of the seminar must accompany the outline. EACH REPRESENTATIVE IS RESPONSIBLE for the TIMELY submission of the seminar information to the Compliance Officer or his/her designee **PRIOR TO USE (at least 3-4 weeks prior to the event)**.

I. Centralized advertising files containing advertisements will be maintained for three years after final use.

J. In accordance with the advertising requirements of FINRA, all advertising and sales literature is subject to submission to FINRA upon request.

REFERENCE: FINRA RULE 2200, MSRB Rule G-21

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XVI. DO-NOT-CALL, FAX, E-MAIL POLICY

The UNIFI Companies have developed corporate marketing communications policies and procedures, which as adopted by AIC will provide proper compliance with all applicable federal communications laws and regulations. These policies and procedures are contained in **Addendum L** to this manual.

REFERENCE: FINRA RULE 3100, MSRB RULE G-39

XVII. MEDALLION SIGNATURE GUARANTEE STAMP

AIC's participation in the Medallion Signature Guarantee STAMP program allows qualified RRs the opportunity to maintain a signature guarantee STAMP in their office. RRs that have the STAMP in their office must follow the procedures outlined below.

A. **Requirements** – OSJ Principals and their designees are qualified to have a STAMP in their office. RRs that are not OSJ Principals must meet the following requirements:

1. Produce $20,000 GDC as of December 31st of the prior year.

2. Be associated with AIC for a minimum of one year.

3. Be in good standing with AIC.

4. Complete a vendor sponsored continuing education program.

B. **Fees** – RRs with a signature guarantee STAMP will be charged $150 for the initial issue of the STAMP and will be charged an annual renewal fee of $120. Renewals may be paid via an automatic $10 per month charge to a credit card or commissions.

C. **Usage Requirements** – RRs must abide by the following rules regarding the use of the signature guarantee STAMP:

1. All ink pads and STAMPS must be kept in a locked storage cabinet or vault when not in use.

2. RRs are required to witness any signature that is presented for signature guarantee.

3. The STAMP can only be used for AIC securities business.

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4. A Signature Guarantee Log (AIC93) must be maintained showing an entry for each signature guarantee affected in the office. In addition, copies of the signature guaranteed documents must be maintained along with the Log.

5. The STAMP imprint must be returned to AIC within seven days of an authorized RRs termination from AIC. Failure to return the imprint will result in a $300 charge and a hold on any commissions due.

D. **Procedures for Offices with no Signature Guarantee STAMP** – Situations may arise where a RR needs to have a document signature guaranteed but does not have a STAMP in his/her office. In such situations, AIC's home office can perform the signature guarantee provided the following steps are followed:

1. The RR must physically witness the client signing the document.

2. The RR must complete form AIC 488 Affidavit of Signature attesting to the fact that he/she witnessed the client's signature.

3. The document(s) and the AIC 488 must be sent to the home office for execution of the signature guarantee.

XVIII. PROHIBITION OF PRIVATE TRANSACTIONS BY ASSOCIATED PERSONS

It will be deemed conduct inconsistent with just and equitable principals of trade for any person associated with AIC to engage in a private security transaction ("Selling Away") outside the regular course or scope of his/her association or employment with AIC, unless approved in writing.

Selling Away is defined as any securities transaction outside the regular course or scope of employment or contractual agreement with AIC. This **excludes** RR's personal transactions in investment company and variable annuity securities and those of immediate family members for which no selling compensation is received. The definition of Private Securities Transactions can be expanded to include the solicitation or referral of customers to any product or service not offered by AIC and can also encompass the sale of investments that are not typically considered securities (securities that are exempt from registration). A partial list of such prohibited activities include: Promissory Notes, Prime Bank Notes, Viatical Settlements, Partnership Interests, Participations in Hedge Funds, International Investment Programs, Certificates of Deposit, Pay Telephone Sale/Lease-back arrangements, ATM Sale/Lease-back arrangements, Real Estate Syndicates and Offshore products or investments.

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REFERENCE: FINRA RULE 3040

XIX. CASH/NON-CASH COMPENSATION

FINRA Rules prohibit RRs from receiving compensation in connection with the sale of securities products from anyone other than the RR's broker/dealer.

A. Affiliates

The Rule provides an exception, under certain conditions, which allows affiliated companies (Ameritas Life Insurance Corp., The Union Central Life Insurance Company, and AmerUs Life Insurance Company) to provide cash compensation which includes employee benefits.

B. Non-Affiliates

AIC adheres to FINRA Rules and procedures. Those procedures are:

1. Mutual fund and variable contract vendors are requested to obtain permission from the Compliance Department prior to inviting any registered representative to attend any due diligence or training meetings. The offeror must submit their request in writing. Advance written approval by AIC's Compliance Department is required prior to an RR's attendance at such meetings.

2. All materials used in conjunction with an event that may fall under Non-Cash Compensation rules is required to be filed with the Compliance Department.

REFERENCE: FINRA RULE 3060, MSRB RULE G-20

XX. INSIDER TRADING

The Insider Trading Act of 1988 requires that broker/dealers establish, maintain and enforce written policies "reasonably designed to prevent the misuse of material non-public information."

AIC forbids any officer, RR or Associate from trading, either personally or on behalf of others on material non-public information or communicating material non-public information to others in violation of the law. This conduct is frequently referred to as insider trading. AIC's policy also extends to the members of the households (spouse, minor children and adults living in the same household) of officers, directors, RRs and Associates who may be in the position to acquire access to insider information from the officer, director, RR or Associate.

A. Policy Statement

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Every officer, RR and Associate of AIC must read and retain the Policies and Procedures to Prevent Misuse of Material Non-Public Information. Any questions regarding the policies and procedures should be referred to the Law Department.

B. Prevention of Insider Trading

To prevent insider trading, the Compliance Officer of AIC or his/her designees will:

1. Provide, on an annual basis, in conjunction with the Firm Element Continuing Education program, an educational program to familiarize officers, RRs and Associates with AIC policies and procedures.

2. Answer questions regarding AIC's Policies and Procedures,

3. Resolve issues of whether information received by an officer, director, a RR or Associate of AIC is material and non-public,

4. Review on a regular basis and update as necessary AIC's Policies and Procedures on insider trading, and,

5. When it has been determined that an officer, RR or Associate of AIC has material non-public information:

   a. Implement measures to prevent dissemination of such information, and

   b. If necessary, restrict officers and Associates from trading the securities.

C. Detection of Insider Trading

To detect insider trading, the Compliance Officer of AIC or his/her designees will:

1. Review duplicate trade confirmations or statements for officers, directors, RRs, and Associates;

2. Review trading activity of AIC's own account, and

3. Coordinate the review of such reports with other appropriate officers, directors, or designated individuals of AIC or Compliance.

4. For companies with whom AIC is affiliated with, either through ownership or by contract, AIC will examine closing price, change

from previous closing price, volume, significant news releases, and excessive trading in the RR's account.

D. Special Reports to the Board of Directors

On an annual basis, the Compliance Officer of AIC or his/her designees, will prepare a written report to the Board of Directors of AIC setting forth the following:

1. A summary of existing procedures to detect and prevent insider trading,

2. Full details of any investigation, either internal or by a regulatory agency, of any suspected insider trading and the results of such investigation,

3. An evaluation of the current procedures relating to insider trading and any recommendations for improvement, and,

4. A description of AIC's continuing educational program regarding insider trading, including the dates of such programs since the last report to the Board of Directors.

XXI. PERSONAL SECURITIES TRANSACTIONS

A. Duplicate Confirmations - All related persons are required to ensure that AIC receives duplicate confirmations on all securities transactions (involving stocks and bonds) by the related person.

Review - The Compliance Officer, or his/her designee, will be responsible for review of duplicate confirmations and exception reports for potential hot issues and insider trading, as well as other irregularities. This review may be performed using a risk-based analysis, including appropriate sampling techniques.

B. Trading with Insider Information - Under no circumstances do the above procedures and exceptions waive the prohibition against trading with insider information.

C. Definition of Related Person - Related person means members of the household (spouse, minor children and adults living in the same household), directors, officers, RRs and Associates who may be in a position to acquire access to inside information for the officer, director, RR or Associate.

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D. Disciplinary Actions

Violations of the Insider Trading Act can result in severe penalties to AIC, principals and the individuals violating the Rule. Violations (whether inadvertent or intentional) will result in disciplinary action which could include the possible termination of the employee's securities registration with AIC.

XXII. POLITICAL CONTRIBUTIONS (Municipal Securities Regulations)

MSRB Rule G-37 prohibits dealers from engaging in municipal securities business **(excluding Section 529 municipal fund securities)** with an issuer for two years after any contribution to an official of such issuer is made by: (1) the dealer; (2) any municipal finance professional (MFP) associated with such dealer; or (3) any political action committee (PAC) controlled by the dealer or any MFP. One exception to the prohibition is for certain contributions made to issuer officials by MFPs. Contributions by such persons to officials of issuers are not prohibited if the MFP is entitled to vote for such official and provided any contributions by such MFP **do not exceed**, in total, $250 to each official, per election. As an internal policy, AIC allows MFP's a $100.00 contribution limit.

A. Definitions

AIC will refer to the definition of terms used within MSRB Rule G-37. The definitions are discussed in G-37(g). To maintain compliance, AIC recognizes the importance in understanding the Board's meaning for various defined terms.

B. Newly Hired Associates

Newly hired registered Associates of AIC or associates of the Public Finance Department may be required to complete a questionnaire requesting information regarding any political contributions made by the Associate within the last two years. Any new Associate contribution, not qualifying under the exception, will be reviewed on a case by case basis. If the new Associate is a MFP and the political contribution falls within the prohibition defined by MSRB Rule G-37, AIC will be required to refrain from doing municipal securities business with the issuer for two years from the date of such contributions.

C. Continued Notification of Political Contributions

The Compliance Department will remind the registered Associates of AIC, no less than quarterly, through its compliance newsletter and other communication means, that they cannot make any political contributions without the prior approval of the Compliance Department.

D. Quarterly Political Contribution Questionnaire

On a quarterly basis, prior to the end of each calendar quarter (January 31, April 30, July 31, and October 31) AIC will canvass all MFPs, executive

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officers, and Series 7 representatives residing in Nebraska and the surrounding states to have them certify whether or not they made a political contribution and the dollar amount of any contribution.

The disclosed contributions will be reviewed for the prohibition established by Rule G-37 and its exception. All contributions will be monitored by the Compliance Department for potential issues created by representatives moving into a MFP status. If it is discovered that a registered representative or MFP has made a contribution without prior approval, the individual will be subject to disciplinary action, including termination of their securities registration.

E. Municipal Securities Representatives/MFPs

Any Associates who are or become primarily engaged in municipal representative activities as defined by Rule G-37 (g)(iv) are considered MFPs. Primarily engaged for the purposes of defining MFPs will be a person whose compensation for municipal securities business amounts to more than 33 1/3% of their gross commissions from all products sold through AIC during the quarter.

On a quarterly basis, AIC will create a list of its MFPs.

F. Dealer Controlled PAC

AIC does not control a PAC. If AIC considers establishing a PAC, the President of AIC will notify the Legal Department and the Compliance Department before development.

G. MSRB RULE G-38, Consultants

MSRB Rule G-38 addresses the use of Consultants by a dealer to obtain and retain municipal securities business through direct or indirect communication by such person with an issuer on the dealer's behalf where the communication is undertaken by such person in exchange for, or with the understanding of receiving, payment from the dealer or any other person. The Rule sets forth certain requirements and disclosures of dealers with Consultant relationships.

AIC generally does not employ the services of a Consultant to obtain or retain municipal securities business. If AIC considers the services of a Consultant for such purposes, the President of AIC will notify the Legal Department and the Compliance Department prior to establishing a contract.

H. Direct or Indirect Contributions

AIC will not directly or indirectly make a contribution to an official of an issuer with which AIC has engaged in municipal securities business. An indirect contribution would include AIC using Associated persons, family

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members of Associated persons, consultants, lobbyists, attorneys, other dealer affiliates, their employees or other employees of other entities or affiliates to make contributions to issuers officials as a means to circumvent the rule.

I. Solicitation and Bundling Prohibition

AIC and any of its MFPs will not solicit the parties described above, nor any other person or entity, to make contributions to an official of an issuer with which AIC engages in municipal securities business or to coordinate (bundle) contributions. These activities would include fund raising for the official by AIC or its MFPs.

J. Quarterly Disclosure Requirements

On a quarterly basis, by the last day of the month following the end of each calendar quarter (Jan. 31, April 30, July 31, and Oct. 31), the Compliance Department will submit to the MSRB its FORM G- 37/38 filing. The submission will be made either electronically, by certified or registered mail or some other equally prompt means that provides AIC with a record of sending.

K. Public Finance Department Quarterly Report

On a quarterly basis, in conjunction with AIC's preparation of FORM G 37-38, the Compliance Department will solicit a report from the Public Finance Administrator which details the underwriting activity and negotiated financial advisory services contracted for the applicable quarter. The Compliance Department will follow the Board's instructions for FORM G-37/38 in submitting the required and applicable information.

L. Record keeping Requirements

AIC will adhere to the record maintenance and retention requirements set forth in MSRB Rule G-8 and 9.

AIC will maintain a current list of:

1. names, titles, city/county and state of residence of every MFP;

2. names, titles, city/county and state of residence of all executive officers;

3. the states in which the dealer is engaging or is seeking to engage in municipal securities business;

4. a listing of issuers with which the dealer has engaged in municipal securities business, along with the type of municipal securities business engaged in during the current year, as well as separate listings for each of the previous two years, and

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5. all contributions, direct or indirect, to officials of an issuer and payments, direct or indirect, to political parties of states and political subdivisions made by the dealer, each PAC controlled by AIC (or controlled by any MFP of AIC), for the current year, and separate listings for each of the previous two calendar years, which records shall include:

   a. the identity of the contributors

   b. the names and titles (including city/county/state or other political subdivision) of the recipients of such contributions and payments, and

   c. the amounts and dates of such contributions and payments

6. the contributions, direct or indirect, to officials of an issuer made by each MFP and executive officer for the current and previous two calendar years, which records shall include:

   a. the names, titles, city/county and state of residence of contributors

   b. the names and titles (including city/county/state or other political subdivision) of the recipients of such contributions, and

   c. the amounts and dates of such contributions.

7. the payments, direct and indirect, to political parties of states and political subdivisions made by all MFPs and executive officers for the current year and separate listing for each of the previous two calendar years, which records shall include:

   a. the names and titles, city/county and state of residence of the contributors

   b. the names and titles (including city/county/state or other political subdivision) of the recipients of such payments and

   c. the amounts and dates of such payments.

   AIC is not required to maintain a list of contributions by its MFPs or executive officers that are made: (i) to officials for whom the person is entitled to vote, provided such

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contributions do not exceed $250 to any official of an issuer, per election; and (ii) to political parties of a state or political subdivision in which the person is entitled to vote, provided such payments do not exceed $250 per party, per year. In addition, AIC is not required to maintain a list of contributions by any other representatives, employees, affiliate companies and their employees, spouses of covered representatives, employees or any other person or entity unless the contributions were direct or indirect contributions of or solicitation by persons or entities subject to the rule.

AIC will maintain copies of the FORMS G-37/G-38 submitted to the Board along with the certified or registered mail receipt or other record of sending such filing to the Board.

The required records will be maintained by AIC for a six-year period.

REFERENCE: MSRB RULES G-37/38

XXIII. MUNICIPAL SYNDICATE UNDERWRITING

A. Syndicate Agreements

At the time a syndicate is formed in which AIC is the senior syndicate manager, AIC will provide the syndicate members with a syndicate agreement. This information must be provided to the members prior to the first offer of any securities. If there is a presale period, the disclosures must be made prior to the commencement of the presale period.

The syndicate agreement will include:

1. A statement of each member's liability or par amount of participation;

2. Priority provisions and the procedure, if any, by which subsequent changes may be made to those priorities, and under what circumstances the manager may allocate securities in a manner different from those priorities;

3. Whether the senior syndicate manager or managers are permitted on a case by case basis to allocate securities in a manner other than in accordance with the priority provisions;

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4. If there is to be an order period, whether orders may be confirmed prior to the end of the order period;

5. Other standard provisions;

6. Discretionary fees not shared with other members of the syndicate.

AIC, as the senior syndicate manager, will promptly furnish, in writing, to syndicate members any changes made to the priority provisions. For a negotiated issue, discretionary fees must be disclosed to the members prior to the execution of a purchase contract with the issuer. For competitive issues, the disclosure will be made prior to the submission of a bid.

B. Running the Books

One of the responsibilities of the lead manager is generally running the books of the sale of the new issue bonds. AIC's Municipal Bond Trader is responsible for maintaining complete and accurate records of all orders received, including each member's liability and their portion sold.

1. Allocation of Orders

Allocations of bonds will be made by the Municipal Bond Trader. Allocations not made according to the priority provisions must be justified by the trader to be made in the best interest of the syndicate.

The Municipal Bond Trader will provide to other members of the syndicate a written summary by priority category of all allocations which were accorded priority over members' take down orders. The disclosure must include the aggregate par value, maturity date and price of each maturity so allocated, including any allocation to an order confirmed at a price other than the original list price. The summary shall include allocations of securities to orders submitted through the end of the order period, or, if the syndicate does not have an order period, through the end of the first business day following the date of sale of the issue. For a negotiated issue, the disclosure must be made within two business days following the date of sale (i.e., the date on which the contract to purchase securities from the issuer is executed). For competitive sales, the disclosure must be made within one business day following the date of sale (i.e., the date on which all bids for the purchase of securities must be submitted to an issuer.)

2. New Issue Trading Records

New issue trading records will include:

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a. The description of the issue and the aggregate par value of the securities;

b. The name and percentage of the participation of each member of the syndicate;

c. The syndicate agreement, which will specify the terms and conditions governing the formation and operation of the syndicate or account;

d. All orders received for the purchase of the securities from the syndicate (including those not allotted fills and except bids at other than syndicate price);

e. The disclosure by any dealer who submits an order to the syndicate for its own account, the account of a related portfolio, municipal securities investment trust or an accumulation account established in connection with an investment trust sponsored by the dealer. The trader must ensure that the trade is confirmed to the account or for the account of rather than the dealer who placed the order;

f. All allotments of securities and the price at which they were sold;

g. The disclosure of a group order by a dealer. The documentation must include the identity of the person for whom the order is submitted; and,

h. The date of settlement with the issuer, the date of closing of the account, and a reconciliation of profits and expenses of the account.

3. Credit Designated by a Customer

The Municipal Bond Trader must distribute any credit designated by a customer in connection with the purchase of the securities due to a member of the syndicate or similar accounts. The credit must be distributed to the members within 30 business days following delivery of the securities to the customer.

C. Settlement of the Syndicate Account

AIC will provide to each syndicate member an itemized statement, generally termed the account settlement, setting forth the nature and amounts of all expenses incurred on the behalf of the syndicate as required by MSRB Rule. The account settlement will be provided at or before the final settlement of the syndicate account, which is within 60 days

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following the date all securities have been delivered by the syndicate manager to the syndicate members (settlement date.)

AIC will also provide the summary statement as required by MSRB Rule.

D. Good Faith Checks

AIC, as syndicate manager, will return any good faith checks deposit to members of a syndicate within two days of settlement with the issuer. In the event the syndicate is not successful in purchasing the issue, the good faith checks will be returned within two business days following the return of the deposit from the issuer.

The Municipal Bond Trader will maintain records of the date and amount of any good faith deposit made to an issuer and documentation of its return to the syndicate members.

E. Record keeping for Syndicate Transactions

AIC will maintain securities transaction records for six years. The records for which the syndicate was unsuccessful in purchasing an issue of municipal securities do not need to be preserved. Records regarding non-allocated orders do not need to be maintained after the final settlement of the syndicate.

REFERENCE: MSRB Rules G-8,9,11,12

XXIV. MUNICIPAL SECURITIES CUSIPS

When acting as underwriter, AIC's Public Finance Department will obtain CUSIP numbers for each issue that meets the CUSIP eligibility standards. Applications for CUSIP number assignment will be made to the CUSIP Service Bureau. For negotiated issues, the application for CUSIPs must be made in sufficient time to ensure assignment of a CUSIP number or numbers prior to the time the contract to purchase the securities from the issuer is executed. For competitive issues, AIC will ensure that application will be made in time to ensure assignment at the time of the first execution of a transaction in the new issue by the underwriter. If AIC acts as a Financial Advisor for a competitive deal, the Public Finance Administrator will ensure that the application will be made in sufficient time to permit CUSIP assignment prior to the time of award.

All new issues of municipal securities are subject to the assignment of CUSIPs except for local improvement district bonds that are callable in order of certificate number. The Public Finance Administrator will consult the CUSIP Directory for CUSIP eligibility standards for specific issues.

A. Required Application Information

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When making application to the CUSIP Service Bureau, AIC's Public Finance Administrator may provide:

1. the notice of sale;

2. the preliminary official statement;

3. the legal opinion, or

4. other similar document prepared by or on behalf of the issuer, or portions of such documentation;

   Documentation may be submitted in preliminary form if no final documentation is available at the time of application. Once final documentation is available, it will reflect any changes in the information required by the MSRB, and will be submitted.

The following information must be provided to the CUSIP Service Bureau:

1. Complete name of issue and series designation, if any;

2. Interest rate(s) and maturity dates (s) (provided, however, that if the interest rate is not established at the time of application, it may be provided at such time as it becomes available);

3. Dated date;

4. Type of issue (e.g., General Obligation, Limited Tax, Revenue);

5. Type of revenue, if the issue is a revenue issue;

6. Details of all redemption provisions;

7. The name of any company or other person in addition to the issuer obligated, directly or indirectly, with respect to the debt service on all or part of the issue (and, if part of the issue, an indication of which part); and

8. Any distinction(s) in the security or source of payment of the debt service on the issue, and an indication of the part(s) of the issue to which such distinction(s) relate.

The Public Finance Administrator will forward to the CUSIP Service Bureau any final required documentation not available at the time of submission as soon as it becomes available.

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B. Refunding Issues

If the proceeds of the new issue will be used, in whole or in part, to refund an outstanding issue or issues of securities in such a way that part but not all of the outstanding issue or issues previously assigned a CUSIP is to be refunded to one or more redemption date(s) and price(s) (or all of an outstanding issue is to be refunded to more than one redemption date and price):

AIC will apply in writing to the CUSIP Service Bureau for a reassignment of a CUSIP to each part of the outstanding issue refunded to a particular redemption date and price and provide to the CUSIP Service Bureau the following information on the issue(s) to be refunded:

1. The previously assigned CUSIP of each such part or issue

2. For each such CUSIP, the redemption dates and prices, to be established by the refunding; and

3. For each such redemption date and price, a designation of the portion of such part or issue (e.g., the designation of use of proceeds, series, or certificate numbers) to which such redemption date and price applies.

* The Public Finance Administrator shall provide documentation supporting the information pursuant to the requirements of this sub paragraph.

C. Application for Depository Eligibility

AIC, as underwriter, will apply to a securities depository registered with the SEC, in accordance with the rules and procedures of the depository, to make the new issue depository-eligible. The application will be made as promptly as possible, but in no event later than one business day after award from the issuer, in the case of a competitive sale, or one business day after the execution of the contract to purchase the securities from the issuer, in the case of a negotiated sale. In the event that the full documentation and information required to establish depository eligibility is not available at the time the initial application is submitted to the depository, AIC will forward such documentation as soon as it is available. The depository requirement does not apply to:

1. An issue of municipal securities that fails to meet the criteria for depository eligibility at all depositories that accept municipal securities for deposit and

2. Any new issue maturing in 60 days or less.

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D. Automated Comparison

AIC will provide the information as required by the MSRB on any new issue eligible for comparison through the automated comparison facilities of a registered clearing agency under Section (f) of Rule G-12.

1. Final interest rate and maturity information about the new issue as soon as it is available; and

2. The settlement date of the new issue as soon as it is known and will immediately inform the registered clearing agency of any changes in such settlement date.

E. Secondary Market Securities

If AIC, in connection with a sale or an offering for sale of part of a maturity of an issue of municipal securities, acquires or arranges for the acquisition of a transferable instrument applicable to such part which alters the security or source of payment of such part AIC will apply in writing to the MSRB or its designee for the assignment of a CUSIP number to designate the part of the maturity of the issue which is the subject of the instrument when traded with the instrument attached. Instruments would include:

1. insurance with respect to the payment of debt service on such portion

2. a put or tender option

3. a letter of credit or guarantee, or

4. any other similar device

The aforementioned does not apply with respect to any part of an outstanding maturity of an issue of municipal securities with respect to which a CUSIP number that is applicable to such part when traded with an instrument which alters the security or source of payment of such part has already been assigned.

If AIC, in connection with a sale or an offering for sale of part of a maturity of an issue of municipal securities which is assigned a CUSIP number that no longer designates securities identical with respect to all features of the issue listed in the required application (See A., 1-8) AIC will apply in writing to the MSRB or its designee for a new CUSIP number or numbers to designate the part or parts of the maturity which are identical with respect to the listed features.

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All of the secondary market submissions will be made promptly and will provide:

1. the previously assigned CUSIP;

2. all information on the features of the maturity of the issue listed in the required application and documentation of the features of such maturity sufficient to evidence the basis for the CUSIP number assignment; and

3. if the application is based on an instrument affecting the source of payment or security for a part of a maturity of an issue, information on the nature of the instrument, including the name of any party obligated with respect to debt service under the terms of such instrument and documentation sufficient to evidence the nature of the instrument.

F. CUSIP Affixture to the Certificate

As an underwriter, AIC will direct its Public Finance Administrator , prior to the delivery of securities to any other person, to affix or arrange to have affixed to the securities CUSIP numbers assigned to the new issue. If more than one CUSIP number is assigned, each number must be affixed to the certificates of the portion of the issue to which it relates.

In the event a syndicate account has been formed for the purchase of a new issue of municipal securities, AIC as managing underwriter will take the actions required of the underwriter under the provisions of the previous sections.

G. Distribution of Information to Syndicate and Selling Group

As underwriter, AIC will inform the syndicate and selling group member of each item of information listed below as promptly as possible. All information shall be given no later than the time of the first execution of a transaction in the new issue by the underwriter.

1. the CUSIP number(s) assigned to the issue and descriptive information sufficient to identify the CUSIP number corresponding to each part of the issue assigned a specific CUSIP number; and
2. the time of formal award. Time of formal award shall mean for a negotiated issue, the time the contract to purchase the securities from the issuer is executed, and, for competitive issues, the time the issuer announces the award.

REFERENCE: MSRB Rule G-34

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XXV. DELIVERY OF OFFICIAL STATEMENTS

AIC, as underwriter, will typically provide the final official statement as prepared by or on behalf of the issuer to brokers/dealers and municipal securities dealers that purchase the new issue securities. The final OS will be printed in deliverable final form for financings exempt from 15c2-12, no later than 7 business days following signing of agreement to purchase bonds/certificates from issuer. Issues not exempt from 15c2-12, will be printed in deliverable final form for financing no later than 10 business days following signing of agreement to purchase bonds/certificates from issuer. OSs must be delivered to dealers and AIC's customers no later than settlement date of the transaction. AIC must have enough OSs to provide each purchasing dealer of the new issue, per their request, an OS and one additional OS per $100,000 par value purchased. The Fixed Income Department will provide purchasing dealers with instructions on how to order additional copies of the final OS directly from the printer.

A. Distribution of the OSs

AIC Fixed Income Assistant is responsible for the mailing of the OSs to the purchasing dealers on the date of receipt from the Issuer and to AIC customers no later than settlement date. A copy of the mailing labels and date of the mailing will be prepared by the clearing firm and forwarded to be maintained in the Trading Fixed Income Department Issue file. It will be maintained no less than three years. If an issuer will prepare only a preliminary official statement and not a final, AIC Fixed Income Assistant will deliver the preliminary version along with a written notice that no final official statement is being prepared by the customers' settlement date.

B. Disclosures in Connection with Negotiated Underwritings

In a negotiated underwriting, AIC will provide the following required information about the underwriting arrangements to customers:

1. the underwriting spread,

2. the amount of any fee received as agent for the issuer in the distribution of the securities, and

3. the initial offering price for each maturity in the issue that is offered or to be offered in whole or in part, including maturities not reoffered.

REFERENCE: MSRB RULE G-32

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XXVI. DELIVERY OF DOCUMENTS AND FORMS G-36 (OS AND ARD) AND UNDERWRITING ASSESSMENT FEE

The Public Finance Administrator, when AIC acts as underwriter, will send the MSRB by trackable overnight delivery services that provide a record of sending, two copies of the final OS and two copies of the completed FORM G-36(OS), including the CUSIP(s) for each.

For issues subject to SEC Rule 15c2-12, AIC will send the documents and form(s) within one business day after receipt of the final OS from the issuer or its designated agent, but no later than 10 business days after any final agreement to purchase, offer, or sell the municipal securities. For issues not subject to SEC 15c2-12, if a final OS is prepared, the document and form must be sent within one business day of delivery of the securities by the issuer to AIC or one business day after receipt of the final OS from the issuer whichever is later.

A. Delivery Requirements for Issues not Subject to SEC Rule 15c2-12

AIC, when acting as an underwriter in a primary offering of municipal securities not subject to SEC Rule 15c2-12, will send the MSRB or its designee, by trackable overnight delivery services that provide a record of sending, within one business day of delivery of the securities by the issuer to AIC, the following documents or written information:

1. two copies of the OS in final form, if prepared by or on behalf of the issuer; and

2. if a final OS is prepared, two copies of the completed FORM G-36(OS) prescribed by the MSRB, including the CUSIP number(s) for the issue.

AIC, when acting as an underwriter for an issue in which a final OS is prepared and if the issue advance refunds an outstanding issue of municipal securities, will send to the MSRB designee, by trackable overnight delivery services that provide a record of sending, within five business days of delivery of the securities by the issuer to AIC, the following documents and written information:

a. two copies of the advance refunding documents if prepared by or on behalf of the issuer; and,

b. if the advance refunding documents are prepared, two copies the completed FORM G-36(ARD) prescribed by the MSRB, including the reassigned CUSIP number(s) for the refunded issue, if any.

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The foregoing requirements will not apply to a primary offering of municipal securities regardless of the size of the issue, if the issue qualifies under an exemption set forth in paragraph (1) of section (d) of SEC Rule 15c2-12.

3. Advanced Refunding Issues

If the issue advance refunds an outstanding issue of municipal securities, the Public Finance Administrator will send the MSRB by trackable overnight delivery services that provide a record of sending, two copies of the advance refunding documents (i.e., the escrow agreement) if prepared by or on behalf of the issuer and two copies of the completed Form G-36 (ARD), including reassigned CUSIP number(s) or numbers for the refunded issue, if any. For all advance refunding issues, AIC must send the document and Form G-36(ARD) within five business days of delivery of the securities by the issuer to AIC. For issues not subject to SEC Rule 15c2-12, the requirement to send advance refunding documents only applies if a final OS is prepared for the issue.

C. Subsequent Submissions

1. Amended OS

If an OS was previously provided to the MSRB and the OS is amended or "stickered" by the issuer during the underwriting period, the Public Finance Administrator will send the MSRB or its designee within one business day after receipt of the amended OS, two copies of the amended OS and two copies of an amended Form G-36(OS) including:

a. the CUSIP number(s) for the issue,

b. the fact that the OS previously was sent to the MSRB and that the OS has been amended.

2. Cancellation of Issue

If the documents and written information was provided to the MSRB, but the issue is later canceled, AIC's Public Finance Administrator will notify the MSRB of this fact promptly in writing.

D. Submission to the MSRB

AIC will send two copies of the required documents and FORMS G-36(OS) and (ARD) by trackable overnight delivery services that

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provide a record of sending or submit an electronic version of each document or form to the MSRB in a format and manner specified in the current Form G-36 Manual.

E. Quarterly Review of G-36 Filing Summary Report

On a quarterly basis a review of the G-36 Filing Summary Statistics Report will be conducted. This review will report any late filings in regards to MSRB Rule G-36. Any late items reported will be followed-up with the Public Finance Administrator and reported to the Chief Compliance Officer.

F. Limited Placements

Rule G-36 does not require delivery of documents for "limited placements" as described in SEC Rule 15c2-12(d)(1). However, MSRB still requires FORM G-36 to be filed.

G. Underwriting Assessment Fee

The Public Finance Administrator will submit payment to the MSRB within 30 days of the sending of the invoice by the MSRB.

H. Recordkeeping of Delivery of Documents and Form G-36 (OS) & (ARD)

As underwriter of securities subject to Rule G-8(xv), AIC's Public Finance Department will maintain:

1. a record of the name, par amount and CUSIP number(s) for all primary offerings; the dates that the documents and written information referred to in Rule G-36 are received from the issuer and are sent to the MSRB; the date of delivery of the issue to the underwriters; and for issues subject to SEC Rule 15c2-12, the date of the final agreement to purchase, offer or sell the new issue.

2. copies of all FORMS G-36 (OS) and (ARD) and documents submitted to the MSRB along with mail receipt or other record of sending documents to the MSRB and acknowledging date of arrival/receipt by the MSRB.

3. Copies of all Rule A-13 underwriting assessment invoices and their respective payments by AIC will be maintained.

The records described above will be preserved for at least three years.

REFERENCE: MSRB RULES A-13, G-8, G-36

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XXVII. FINANCIAL ADVISOR ACTIVITIES (MUNICIPAL SECURITIES BUSINESS)

AIC acts as a Financial Advisor in the area of municipal securities when it provides advice to or on behalf of an issuer with respect to the structure, timing, terms and other similar matters concerning a new issue or issues of municipal securities for a fee or other compensation or in expectation of such compensation for the rendering of such services. Each advisory relationship will be evidenced in writing. The writing must be entered into prior to, upon, or promptly after the inception of the financial advisory relationship (or promptly after the creation or selection of the issuer if the issuer does not exist or has not been determined at the time the relationship commences).

AIC's written agreement will state the basis of compensation for the financial advisory services to be rendered, including provisions relating to the deposit of funds with or the utilization of fiduciary or agency services offered by the dealer or by a person controlling, controlled by, or under common control with the dealer in connection with the rendering of the financial advisory services.

A. Negotiated Underwritings

If AIC, when acting as a Financial Advisor, intends to underwrite a negotiated issue, or act as agent for the issuer in arranging the placement of the issue, it will:

1. terminate the financial advisory relationship, in writing, and obtain the issuer's express consent, in writing, to the dealer's participation in the underwriting or private placement;

2. disclose in writing to the issuer at or before such termination that there may be a conflict of interest in changing from the capacity of financial advisor to underwriter or placement agent and obtain the issuer's written acknowledgment of receipt of such written disclosure; and

3. disclose to the issuer at or before such termination the source and anticipated amount of all remuneration to the dealer with respect to the issue in addition to compensation already received as the financial advisor and obtain the issuer's written acknowledgment of receipt of such written disclosure.

B. Competitive Issues

AIC will obtain the issuer's express consent in writing to act as underwriter on a competitive issue for which it acted as a financial advisor. The issuer's consent will be obtained prior to the bid.

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C. **Official Statements**
AIC, when acting as Financial Advisor, will make the final official statement available to the managing underwriter or sole underwriter promptly after the award is made. If AIC is responsible for the printing of the official statement, adequate copies will be available to the managing or sole underwriter. Copies will be available promptly after the award is made but no later than two business days before the date all securities are delivered by the syndicate manager to the syndicate members.

D. **Customer Disclosure**
AIC will disclose the existence of the financial advisory relationship in an issue on which AIC acts as underwriter or placement agent to each customer who purchases the new issue securities. The disclosure, made within the official statement, must be received by the customer at or before completion of the transaction.

E. **Disclosure of Corporate Affiliation**
AIC will disclose in writing to the issuer any corporate affiliation with the issue's non-dealer financial advisor. AIC will obtain a written acknowledgment of receipt by the issuer of this disclosure prior to the purchase or placement of the new issue.

F. **State and Local Laws**
AIC will ensure compliance of state or local laws regarding financial advisory activities. MSRB Rule G-23 does not supersede any more restrictive provisions of state or local law.

G. **Record Keeping**
The AIC Public Finance Administrator will maintain the disclosures, acknowledgments and consents required by Rule G-23 in a separate file for a minimum of three years.

REFERENCE: MSRB RULE G-23

XXVIII. REVIEW OF BROKER DEALER FINANCIALS - BOOKS AND RECORDS

A. **Books and Records** - The Designated Principals specified in the attached Schedule of Designated Responsibilities will ascertain that AIC will maintain at a minimum the following books and records for the period of time prescribed by SEC Rule 17a-4:

1. Purchases and Sale of Securities Blotter. 17a-4(a), 17a-3(a)(1)

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2. Receipts and Deliveries Blotter. 17a-4(a), 17a-3(a)(1)

3. Blotters for the receipts and disbursement of cash and all other debits and credits. 17a-4(a), 17a-3(a)(1)

4. General ledger reflecting all assets and liabilities, income and expense and capital accounts. 17a-4(a), 17a-4(b)(1), 17a-3(a)(2), 17a-3(a)(4)(i)-(vii)

5. Ledger accounts for each customer account. 17a-4(a), 17a-3(a)(3)

6. Securities Position Record. 17a-4(a), 17a-3(5)

7. Order Memorandums. 17a-4(b)(1), 17a-3(6), (7)

8. All check books, bank statements, cancelled checks and cash reconciliations. 17a-4(b)(2)

9. All bills receivable or payable (or copies thereof), paid or unpaid. 17a-4(b)(3)

10. All trial balances, computations of aggregate indebtedness and net capital, and financial statements. 17a-4(b)(5)

11. All information in support of amount included in the report prepared as of the audit date on Form X-17A-5. 17a-4(b)(8)

REFERENCE: SEC RULES 17a-4

12. Net Capital - AIC will maintain the minimum net capital requirement based upon the activity of the firm, in accordance with SEC Rule 15c3-1. The Designated Principals understand that the minimum net capital must be maintained on a daily basis and adequate excess net capital should be available as a safety margin. AIC will formally compute net capital on a monthly basis unless proximity to the minimum net capital requirement indicates otherwise. 15c3-1

13. FINRA is to be notified of net capital violations, proximity to the minimum net capital and other financial related events.

    a. Should AIC's computed net capital decline below the minimum amount required pursuant to Sec. 240.15c3-1, AIC shall give or transmit notice of such deficiency that same day to the principal office of the Commission in

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Washington, D.C. and the regional office of the Commission via either telegraphic notice or facsimile transmission. The notice shall specify AIC's net capital requirement and its current amount of net capital. 17a-11(b)(1)

b. If AIC is informed by its designated examining authority or the Commission that it is, or has been, in violation of Sec. 240.15c3-1 and AIC has not given notice of the capital deficiency, AIC, even if it does not agree that it is, or has been, in violation of Sec. 240.15c3-1, shall give notice of the claimed deficiency that same day to the principal office of the Commission in Washington, D.C. and the regional office of the Commission via either telegraphic notice or facsimile transmission. The notice shall specify AIC's net capital requirement and its current amount of net capital. This notice may also specify AIC's reasons for its disagreement. 17a-11(b)(1)

c. If AIC computes its aggregate indebtedness is in excess of 1,200 percent of its net capital in accordance with Sec. 240 15c3-1, AIC will send notice promptly (within 24 hours) to the principal office of the Commission in Washington, D.C. and the regional office of the Commission via either telegraphic notice or facsimile transmission. 17a-11(c)(1)

d. If AIC computes that its total net capital is less than 120 percent of the broker's or dealer's required minimum net capital in accordance with Sec. 24015c3-1, AIC will send notice promptly (within 24 hours) to the principal office of the Commission in Washington, D.C. and the regional office of the Commission via either telegraphic notice or facsimile transmission. 17a11(c)(3)

e. If AIC discovers that it has failed to make and keep current the books and records required by Sec. 240.17a-3, AIC will give notice of this fact that same day specifying the books and records which have not been made or which are not current. This notice will be made to the principal office of the Commission in Washington, D.C. and the regional office of the Commission via either telegraphic notice, facsimile transmission or overnight delivery. Within 48 hours of submitting notice of the failure, AIC will transmit a notice stating what has been done or is being done to correct the failure in the same manner as it is permitted to give notice of the failure. 17a-11(d)

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f. If AIC is notified by an independent public accountant, pursuant to Sec. 240.17a-5(h)(2) or Sec. 240.17a-12(f)(2) of the existence of any material inadequacy as defined in Sec. 240.17a-5(g) or Sec. 240.17a-12(e)(2), AIC shall give notice of the material inadequacy within 24 hours of such discovery or notification to the principal office of the Commission in Washington, D.C. and the regional office of the Commission via either telegraphic notice, facsimile transmission or overnight delivery. Within 48 hours of submitting notice of the existence of any material inadequacy, AIC will transmit a notice stating what has been done or is being done to correct the situation in the same manner as it is permitted to give notice of the material inadequacy. 17a-11(e)(1), (2)

g. AIC maintains an investments inventory composed of bonds and municipal warrants. Ceilings have been established that limit the amount of inventory that AIC should hold. The current ceiling is two million dollars ($2,000,000) for bonds and two million dollars ($2,000,000) for municipal warrants. Inventory is checked on a daily basis by AIC's Accountant-Financial Reporting to verify that the ending daily balances did not exceed either of the ceilings.

If neither ceiling is exceeded, no further steps are taken. If either of the ceilings is exceeded, a memo is sent to AIC's President, Financial and Operations Principal (FINOP), Vice President of Operations, Vice President-Fixed Income Trading, and Vice President-Compliance and to the UNIFI Companies' Chief Financial Officer. The memo will indicate the current inventory balance and by how much the inventory balance exceeds either ceiling. The memo will direct the Vice President-Fixed Income Trading to notify AIC's FINOP as soon as possible as to what actions will be taken to reduce AIC's inventory balance.

Annual Audit Reports and Other Financial Reporting

14. AIC shall electronically file Part IIA of Form X-17A-5 within 17 business days after the end of each calendar month. The report will be filed with the Commission's principal office in Washington, DC, and the regional office of the Commission. 17a-5(a)(2)(iv), (a)(3)

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15. AIC shall file annually, on a calendar or fiscal year basis, a report which shall be audited by an independent public accountant (Audited Financial Statements) not more than sixty (60) days after the date of the financial statements. Original Audited Financial Statements will be filed at the Commission's principal office in Washington, DC, the regional office of the Commission and with the FINRA national office. Copies of the Audited Financial Statements will be filed with the regional FINRA office and with various States as required. 17a-5(d)(1)(i), (d)(5), (d)(6)

16. The Audited Financial Statements will include a Statement of Financial Condition, a Statement of Operations, a Statement of Changes in Stockholder's Equity and a Statement of Cash Flows. These statements shall be in a format which is consistent with such statements as contained in Part IIA of Form X-17A-5 as filed by AIC on a monthly basis. 17a-5(d)(2)

17. AIC will include a Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934 (Supplemental Computation of Net Capital) as a supplemental schedule to the Audited Financial Statements. 17a-5(d)(3)

18. If material differences exist between the Supplemental Computation of Net Capital and the unaudited Form X-17A-5, AIC will include a reconciliation with explanations of the differences within the Supplemental Computation of Net Capital. 17a-5(d)(4)

19. AIC will attach to the Audited Financial Statements an oath or affirmation that, to the best knowledge and belief of the person making such oath or affirmation, (1) the financial statements and schedules are true and correct and (ii) neither AIC nor any partner, officer, or director, as the case may be has any proprietary interest in any account classified solely as that of a customer. The oath or affirmation shall be made by AIC's Financial and Operations Principal or by another officer duly authorized to make such oaths or affirmations. 17a-5(e)(2)

20. AIC acknowledges that the filed Audited Financial Statements shall be public, except that, if the Statement of Financial Condition in a format which is consistent with Form X-17A-5 is bound separately from the balance of the Audited Financial Statements, the balance of the Audited Financial Statements shall be deemed confidential, except that they shall be available for official use by any official or employee of the United States or any State, by national securities exchanges and registered national securities

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associations of which AIC is a member and by any other person to whom the Commission authorizes disclosure of such information as being in the public interest. 17a-5(e)(3)

21. AIC will engage an independent accountant in accordance with the provisions of Sec. 210.2-07(b), (c) to conduct the audit of its Audited Financial Statements. AIC will engage an accountant who is registered and in good standing as such under the laws of the United States of America and the State of Nebraska. 17a-5(e)(3), (f)(1), (f)(3)

22. AIC will file, no later than December 10 of each year, a statement with the Commission's principal office in Washington, DC, the regional office of the Commission, and the principal office of AIC's designated examining authority. Such statement shall indicate the existence of an agreement dated no later than December 1, with an independent public accountant covering a contractual commitment to conduct AIC's annual audit during the following calendar year. The agreement may be of a continuing nature, providing for successive yearly audits, in which case no further filing is required. If the agreement is for a single audit, or if the continuing agreement previously filed has been terminated or amended, a new statement must be filed by the required date. 17a-5(f)(2)(i), (f)(2)(ii)

23. AIC shall file a notice which must be received by the Commission's principal office in Washington, DC, the regional office of the Commission, and the principal office of AIC's designated examining authority, not more than 15 business days after AIC notifies the accountant whose opinion covered the most recent financial statements filed by AIC that his services will not be utilized in future engagements, or if AIC notifies an accountant who was engaged to give an opinion covering the financial statements to be filed by AIC that the engagement has been terminated, or if an accountant has notified the broker or dealer that he would not continue under an engagement to give an opinion covering the financial statements to be filed by AIC; or if a new accountant has been engaged to give an opinion covering the financial statements to be filed by AIC without any notice of termination having been given to or by the previously engaged accountant. 17a5(f)(4)(i), (f)(4)(ii), (f)(4)(iii)

Such notice shall state (A) the date of notification of the termination of the engagement or engagement of the new accountant as applicable and (B) the details of any problems existing during the 24 months (or the period of the engagement, if

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less) preceding such termination or new engagement relating to any matter of accounting principles or practices, financial statement disclosure, auditing scope or procedure, or compliance with applicable rules of the Commission, which problems, if not resolved to the satisfaction of the former accountant, would have caused him to make reference to them in connection with his report on the subject matter of the problems. The problems required to be reported in response to the preceding sentence include both those resolved to the former accountant's satisfaction and those not resolved to the former accountant's satisfaction. The notice shall also state whether the accountant's report on the financial statements for any of the past two years contained an adverse opinion or a disclaimer of opinion or was qualified as to uncertainties, audit scope, of accounting principles, and describe the nature of each such adverse opinion, disclaimer of opinion, or qualification. AIC shall also request the former accountant to furnish AIC with a letter addressed to the Commission stating whether he agrees with the statements contained in AIC's notice and, if not, stating the respects in which he does not agree. AIC shall file three copies of the notice and the accountant's letter, one copy of which shall be manually signed by the FINOP or a duly authorized corporate officer, as appropriate, and by the accountant, respectively. 17a5(f)(4)(iv)

B. **Municipal Books and Records** - The Designated Principals specified in the attached Schedule of Designated Responsibilities will ascertain that the following additional municipal activities books and records relating to the following items will be maintained as required by MSRB Rules G-8 and G-9:

1. Syndicate Settlements, Expense and Summary Statements. G-8 (a)(viii), G-9 (a)(iv)

2. Syndicate Transactions. G-8 (a)(viii), G-9 (a)(x)

3. Customer Complaint Records. G-8 (a)(viii), G-9 (a)(v)

4. Supervisory Designations, Recordkeeping Designation. G-8 (a)(xiv)

5. Political Contributions and Prohibitions: Delivery of Form G-37, G-8 (a)(xvi)

6. Gifts and Gratuities. G-8 (a)(xvii)

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7. Consultant Arrangements. G-8 (a)(xviii)

8. Deliveries of Official Statements. G-8 (xv), G-8 (xv), and G-36

9. All written communications, received and sent including interoffice memos regarding conduct of AIC municipal activities

10. Agency transactions. G-8 (a)(vi)

11. Principal transactions. G-8 (a)(vii)

12. Control Relationships. G-37, G-38

REFERENCE: MSRB RULE G-22

13. Advertising

REFERENCE: MSRB RULE G-21

14. Delivery of Form G-36

REFERENCE: MSRB RULE G- 36

15. Payments of MSRB registrations and assessments

REFERENCE: MSRB A RULES

XXIX. REQUIRED OSJ BOOKS AND RECORDS

The following books and records are required to be kept at the Office of Supervisory Jurisdiction (OSJ):

(See ADDENDUM G for more detailed guidelines)

1. Monthly Transaction Blotter

2. Individual Client Files

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3. Approved Outgoing Correspondence File

4. Incoming Correspondence File

5. Office Complaint File

6. Advertising/Sales Literature File

7. Do-Not-Call File

8. Letterhead/Business Card File

9. Branch Office Inspection File (If Applicable)

10. Exception Report File (See ADDENDUM H for more detailed guidelines.)

11. Non-Registered Personnel File

12. Equity Indexed Annuity Blotter

13. Outgoing Correspondence Log

14. Medallion STAMP Signature Guarantee Log (for those offices with a STAMP)

XXX. OTHER RULES AND REGULATIONS

A. **FIDELITY BOND** - AIC will maintain a fidelity bond with minimum coverage in excess of 120% of its required minimum net capital over the past year (subject to a minimum coverage of $25,000) and will ascertain that the policy contains provisions that the underwriter will notify FINRA in the event of termination, cancellation, or substantial modification of the policy.

REFERENCE: FINRA RULE 3020

B. **REPORTING OF CURRENCY AND FOREIGN TRANSACTIONS** - It will be the policy of AIC **not to accept cash under any circumstances**. Customers should be advised to deposit the cash, traveler's checks or non-bank money orders into a transaction account or obtain a cashier's check or money order from a financial institution for the purchase amount of the securities.

REFERENCE: SEC RULE 17a-8

C. **FINGERPRINTS** - It is the responsibility of a Designated Principal to ascertain that copies of fingerprints are submitted for all registered personnel and all non-registered associated persons who open mail, handle or process securities, monies, and/or original books and records, which includes handling of securities clients' files **Only properly authorized personnel are permitted to take fingerprints, as indicated on the fingerprint card.** Copies of the fingerprints submitted will be maintained in the personnel file for each associated person. Fingerprint cards for non-registered personnel must be maintained for a minimum of 3 years after their termination of employment.

REFERENCE: SEC RULE 17f-2

D. **LOST AND STOLEN SECURITIES PROGRAM** - A Designated Principal will ascertain that AIC is properly registered with the Securities Information Center as an Indirect Inquirer and will properly report all lost and stolen securities within the required time frames.

REFERENCE: SEC RULE 17f-1

E. **INITIAL PUBLIC OFFERINGS** - FINRA members have an obligation to make a bona fide public distribution at the public offering price of securities of a public offering, regardless of whether such securities are acquired by a member as an underwriter, as a selling group member, or from a member participating in the distribution as an underwriter or a selling group member, or otherwise.

RRs are required to have each customer complete an IPO Questionnaire and submit it to AIC Compliance for review and approval prior to the time of the offering. RRs and their immediate family members are prohibited from purchasing IPOs for their own accounts.

REFERENCE: FINRA IM2790

F. **FORM B/D AND UPDATES** - A Designated Principal will be responsible for reviewing the Form B/D at least quarterly to ensure that any changes or amendments to the form have been indicated and properly submitted to the SEC, FINRA and State or States of registration.

G. **ANNUAL COMPLIANCE MEETING** - AIC or its designees will provide at least annually a compliance meeting to discuss and review relevant compliance issues.

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H. **ANNUAL COMPLIANCE AUDIT** - AIC will, at least once a year, conduct an examination of its business activities to ensure that it is in compliance with all regulatory requirements and firm policy.

I. **ASSIGNMENT OF RRs** - Each RR will be assigned to a Registered Principal who is responsible for supervising that Representative's activities.

J. **PERSONNEL** - AIC will keep current a list of all personnel, indicating their registration (if any), status, title and job function.

K. **REVIEW OF SUPERVISORY PROCEDURES** - A Designated Principal will be responsible for reviewing the written supervisory procedures, at a minimum, on an annual basis.

L. **PRIVACY/CONFIDENTIALITY** - RRs will maintain all client information on a confidential basis and comply with AIC's Privacy Statement in all dealings with customers. RR must also provide each customer at the time of opening a new account a copy of AIC's Privacy Statement. AIC's Privacy Statement is included in this manual as **Addendum F**.

1. **Notice Requirements**
In addition to the initial notice provided by the RR at the time the customer relationship is established, AIC will provide its customers with an annual notice that accurately reflects its privacy policies and practices at least once in any period of 12 consecutive months during which the customer relationship exists.

2. **General Standards**
The protection of customer information by a broker/dealer or registered adviser involves three fundamental propositions:

a. Every broker/dealer and registered adviser has an affirmative obligation to protect the confidentiality of consumer information and must adopt policies and practices to meet that obligation;

b. Every consumer is entitled to a notice from their broker/dealer or registered adviser regarding:

i. the kinds of consumer information a broker/dealer, fund or registered adviser collects,

ii. the nonaffiliated third parties to whom that information may be disclosed, and

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iii. the policies and procedures that have been adopted to protect consumer information collected by a broker/dealer, fund or registered adviser;

c. Every consumer has the right to direct their broker/dealer or registered adviser that personal financial information not be shared with nonaffiliated third parties, subject to certain specific exceptions relating to joint marketing programs, outsourcing to service providers and legal and regulatory disclosure.

3. **Safeguarding Information**
AIC will establish appropriate standards relating to administrative, technical and physical safeguards for customer records and information and adopt procedures reasonable designed to:

a. ensure the security and confidentiality of customer records and information;

b. protect against any anticipated threats or hazards to the security or integrity of customer records and information; and

c. protect against unauthorized access to or use of customer records or information that could result in substantial harm or inconvenience to any customer.

4. **Destruction of Records**
AIC will destroy all records in such manner so as to:

a. ensure the security and confidentiality of customer records;

b. comply with Regulation S-P, including destruction of consumer reports;

c. comply with the UNIFI document retention and destruction policies.

M. Parking/Minimum Production Requirements

RRs are prohibited from parking their license with AIC. AIC may establish minimum production requirements. This minimum requirement may be changed at any time. Some consideration may be given for non-

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securities commissions from the sale of affiliated insurance company products.

N. Market Timing Activities

Market timing is defined as the short term buying and selling of mutual fund shares in order to exploit inefficiencies in the pricing of those shares.

Since the net asset value (NAV) of a mutual fund is determined at 4:00 EST, it creates the opportunity for market timers to trade based on market information that is not reflected in the day's closing price. Market timers trade in mutual funds on a short-term basis, capitalize on short-term gains and then sell. This process is disruptive to the accounts of long-term shareholders as it can decrease the value of their shares through increasing transaction costs and the necessity of the fund to keep higher liquid assets in order to meet the requirements of the redemptions.

In a variable annuity or life policy, the cash value is invested in sub-accounts which can be investments in mutual funds that are separate from the issuing insurance company. These sub-accounts usually allow for a limited number of transfers between investment options. As with mutual funds, excessive transfers or market timing within variable policies can dilute share value and increase transaction costs of these policies.

Generally, excessive trading and market timing are prohibited activities for RRs, except in those instances where the fund is managed or the variable product is designed to facilitate frequent trading. The Ameritas Life Insurance Corp. offers variable annuities or life policies with subaccounts that invest in funds from Rydex and ProFunds, which permit frequent trading

O. Business Continuity Plan

AIC has a Business Continuity Plan identifying procedures relating to an emergency or significant business disruption. Such procedures are reasonably designed to enable AIC to meet its existing obligations to its customers.

XXXI. POLICIES REGARDING RR AND ASSOCIATE ACTIVITIES

AIC Supervisory Principals will educate their assigned RRs and enforce the following non-inclusive list of policies, procedures and regulatory requirements:

1. It is the policy of AIC **NOT TO PERMIT DUAL REGISTRATIONS** of securities licenses, unless pursuant to AIC President approval.

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2. RRs will not solicit or effect transactions for customers residing in states in which the RR is not registered or properly licensed or appointed.

3. Registered personnel will not respond to any requests for information to regulatory authorities until a copy of any response has been provided to AIC, or AIC otherwise agrees to the Associate proceeding with a response, unless otherwise required to do so by law. RRs must notify a Designated Principal of AIC immediately should they become involved in any judicial or regulatory investigation, inquiry, or request for information.

4. Upon association with AIC, the Registered Personnel and Associated personnel will advise the Compliance Department of his/her personal securities accounts or securities accounts of his/her immediate family defined as spouse, children or any relative living in the house. It is required that duplicate statements be sent to AIC. Prior to opening an account for an Associated person of another Broker/Dealer, the RR will bring it to the attention of the Compliance Department, who will notify the customer's employer if AIC chooses to accept the account.

5. RRs will not be allowed to participate in new issue equity underwritings unless an exemption applies.

6. RRs are prohibited from trading for their own account any security upon which they have "non-public" information.

7. RRs must attempt to learn all essential facts about a customer prior to solicitation in order to ascertain that he/she is, in fact, suitable for any transaction.

8. RRs will not make false or misleading statements, or fail to state material facts in connection with a securities transaction.

9. RRs orders will not take priority over customer orders.

10. RRs must not use rumors as a basis for making a recommendation to a client.

11. Under no circumstances may a RR guarantee against loss or profits for any securities transaction.

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12. Under no circumstances may a RR offer to rebate a client for trades effected or directly reimburse a customer for an error. All errors must be paid directly from AIC.

13. RRs are prohibited from churning a client's account.

14. RRs are prohibited from sharing, directly or indirectly, in the profits of any customer account or sharing any losses sustained in any customer account.

15. AIC prohibits the recommendation to purchase mutual funds by implying it would be advantageous to the customer to purchase such security before an ex-dividend date.

16. RRs may not assist customers by arranging credit or making loans to customers for securities transactions other than on those terms offered by the clearing firms for margin accounts.

17. Registered Representatives are prohibited from lending to or borrowing monies or securities from customers, except for immediate family members. The term immediate family member shall include parents, grandparents, mother-in-law or father-in-law, husband or wife, brother or sister, brother-in-law or sister-in-law, son-in-law or daughter-in-law, children, grandchildren, cousin, aunt or uncle, or niece or nephew and shall also include any other person whom the registered person supports, directly or indirectly, to a material extent.

    In accordance with FINRA rules and AIC policy, if a registered representative desires to engage in the above activity, the representative must:

    1. Request and received pre-approval from the Compliance Department of this proposed arrangement,
    2. Identify to Compliance the client is an "immediate" family member,
    3. Must be in good standing with AIC,
    4. Provide a copy of the note or other document used to borrow/lend monies. This should include amount, term, source of funds and reason for transaction.

    Depending on circumstances, Compliance may request additional due diligence prior to approving this activity. Additional request for information may include:

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1. Request for authorization to perform a check into the RRs credit history.

Approval received should not be considered a blanket approval with the same or different immediate family member. Approval must be requested for such each instance.

Failure to comply with the above policy will subject the registered representative to disciplinary actions.

18. RRs will not accept any order from a third party without prior written authorization signed by the customer.

19. RRs may not act in the capacity of trustee, executor, administrator, conservator or guardian without approval of the Compliance Officer. Such approval may be conditioned upon including specific language in the will, court order, trust or amendment.

20. RRs may not enter into any special or private arrangements or agreements, written or oral, with any client or third party regarding the handling of an account without prior approval of the Compliance Officer. RRs cannot testify as expert witnesses without prior approval of the Compliance Officer.

21. RRs will not render tax or legal advice to customers while operating as an AIC RR, but must refer them to their accountant or attorney. If the RR is an attorney or accountant, the RR must obtain from the client a signed disclosure document as required by AIC. (See AIC Compliance Policies and Procedures Manual

22. RRs are required to maintain proper books and records as directed by AIC and its regulators.

23. RRs are responsible for forwarding solicitation correspondence to their OSJ Principal or the Compliance Officer or his/her designee for approval PRIOR TO USE.

24. RRs are responsible for forwarding all non pre-approved advertising and sales literature to a Designated Principal at the home office for approval PRIOR TO USE. This includes magazine reprints, yellow page ads, etc.

25. Associates may not express or imply that they are acting in the capacity of an AIC RR while engaged in any outside activity. Only outside business activities that have been disclosed in writing to

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the Compliance Officer or his/her designee and not objected to in writing by the Compliance Officer or his/her designee are permitted. Associates may not use AIC's stationery, services or facilities for charitable or civic purposes without AIC's approval. RRs are prohibited from directing commissions to be paid in lieu of making a donation.

26. RRs are required to maintain a Monthly Transaction Blotter on a daily basis recording all securities transactions including variable life and variable annuity policies. Each month the blotter must be forwarded to a Designated Principal for review by the 15th of the following month. Failure to do so may result in disciplinary action.

27. RRs are required to complete AIC's Annual Compliance Questionnaire on an annual basis.

28. No RR shall, directly or indirectly, give or permit to be given anything of value, including gratuities, in excess of one hundred dollars ($100) per individual per year to any person, principal, proprietor, Associate, agent or representative of another broker dealer when payment is for business purposes. A gift of any kind is considered a gratuity.

29. RRs who are Municipal Finance Professionals (MFPs) and certain Series 7 individuals as determined by Compliance will be required to report to AIC any political contributions on a quarterly basis.

30. RRs are required to participate in any **Firm Element** training or educational programs offered by AIC Compliance to promote the ongoing continuing education of AIC representatives. In addition, RRs must participate in FINRA's **Regulatory Element** CE Program within the set applicable time frame.

31. RRs may participate as a member of an investment club. RRs must obtain Compliance approval and complete the Investment Club Account Agreement prior to becoming an officer or the RR on the account placing orders.

32. RRs agree to abide by all SEC, FINRA, MSRB and State rules and regulations pertaining to solicitation or execution of securities transactions.

33. Switch letters (Acknowledgement of Investment Product Change Form (AIC297)) are required for all liquidations of a securities

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product such as mutual funds or variable products when proceeds are invested into another securities product.

34. RRs must educate customers of the potential benefits of Rights of Accumulation, Letter of Intent and Breakpoint privileges. Selection of sales charge features must be made in the best interest of the client.

35. RRs are prohibited from signing a customer's name, with or without their permission, to any document under any circumstance.

XXXII. FINANCIAL PLANNING AND FINANCIAL PLANNING TOOLS

RRs may not provide financial planning or hold themselves out as providing financial planning unless the RR is also an Investment Advisor Representative (IAR) with AIC's Registered Investment Advisor.

A. **IAR Registration Requirements** - Registration as an IAR is required if you provide advice as part of a financial plan or in connection with providing financial planning services AND

1. hold yourself out generally as a financial planner or as providing financial planning services;
2. deliver a financial plan to a customer; and/or
3. represent to a customer that the advice they have or will receive is part of a financial plan or in connection with financial planning services.

B. **Restrictions on RRs Activities if not IAR Registered** – If an RR chooses not to register as an IAR, he/she may **not** deliver to the client a comprehensive financial plan, nor may he/she charge a fee to the client for financial planning services. A RR may not hold themselves out to the public as providing financial planning services.

A RR that is not an IAR may utilize "financial planning modules" with clients, provided that no fee is charged and that the following disclosure appears on the module:

"The needs analysis and information presented herein is not a financial plan and is not financial planning services. Financial plans and financial planning services are offered only through an investment advisory contract with Ameritas Investment Corp. and through a properly registered and licensed investment advisor representative of AIC."

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C. **Financial Planning Modules** - Financial planning modules are underlying components of a full comprehensive financial plan that can be used independently. RRs may utilize financial planning modules, but may not produce or deliver a complete financial plan. For example, a RR can use an insurance planning module and deliver it to the client with the above disclosure without triggering a requirement for IAR registration.

AIC has approved the following software for RRs to utilize certain financial planning modules: Financial Profiles (must select "non-advisor" reports), Naviplan FA Tool Access, and Frontier Analytics. If an RR wishes to use financial planning modules other than those listed above, he/she must request and obtain approval from the Compliance Department prior to use.

XXXIII. REVENUE SHARING CONFLICT OF INTEREST STATEMENT

The following statement is made available to clients on AIC's website (www.aicinvest.com) and is provided to clients at the time a new account is opened.

AIC offers a large variety of mutual funds, variable life and variable annuity products for sale. To assist you in choosing the product that is right for you, our registered representatives may focus on a select group of products that are available through our broker/dealer. Ameritas Investment Corp. has entered into agreements with some of these mutual fund and variable insurance companies to share costs associated with bringing these investment products to you. The sharing of costs can take the form of payments made by the mutual fund or variable insurance companies to us. This form of marketing support is used to offset costs associated with training, education, meetings and events that help AIC provide education and information to our registered representatives. No such funds are paid directly to registered representatives. However, registered representatives benefit from these payments through having greater access to these product providers. In exchange for sharing costs, these mutual fund and variable insurance companies received enhanced access tour sales force and may interact with a registered representative during training events, conference calls, and meetings. They also receive heightened visibility through the distribution of sales literature and newsletters and by means of links, information, and lists posted on Ameritas Investment Corp.'s intranet pages.

Certain other types of reimbursements for expenses directly incurred by representatives, such as local newspaper advertisements may be paid directly to representatives by mutual fund or variable insurance companies.

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If any Marketing Support or reimbursement payments are made, they are in addition to sales charges disclosed in the fee tables found in the prospectuses of the mutual fund and variable insurance companies. Over the course of managing your relationship, your registered representative may recommend products from these mutual fund and variable insurance companies. Registered representatives do not, however, receive any portion of, or any additional compensation as a result of market support payments or other compensation arrangements between our firm and product providers.

XXXIV. OUTSOURCING

AIC outsources a number of activities that, if performed directly by AIC, would be required to be the subject of a supervisory system and written supervisory procedures pursuant to FINRA Rule 3010. To address these requirements, on an annual basis AIC engages a regulatory consulting firm to conduct its 3010 and anti-money laundering review. From this review, the consultant provides a report that documents their due diligence analysis, which includes any third party vendor activities that AIC has outsourced.

The following is a list of the activities that AIC currently outsources, along with the procedures that AIC employs to monitor the service providers continued fitness and ability to perform the covered activities being outsourced.

A. Licensing and registration is outsourced to internal shared departments within the enterprise. Compliance has a dedicated Licensing Specialist that provides oversight and quality checking reviews on a daily basis.
B. IT/Imaging record retention is outsourced to internal shared departments within the enterprise. AIC participates in a Business Continuity Plan (BCP) review every year. This review tests the recovery and retention of IT/IS and record retention systems.
C. Continuing education training and recordkeeping is outsourced to RegEd. Compliance reviews and signs off on all communications and verifies that all reps have completed the training following the deadline. Periodically, Compliance verifies RegEd's retention through manual requests for records to evidence RegEd's proper maintenance of the records.
D. Registered representative email hosting is outsourced to Advisor Mail. By the on-going monitoring in post-review, Compliance acknowledges that Advisor Mail is capturing all emails. Compliance also periodically tests the record-keeping function by requesting copies of certain records maintained by Advisor Mail.
E. AIC's back office system is outsourced to FDS/Caesar. AIC monitors this relationship through daily use of the system, 3010

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annual review of accounts (sampling technique), quality checking performed by the Compliance Licensing Specialist, and a Systems Specialist dedicated to Caesar system data integrity.

F. AIC's has a relationship with Albridge/One Source for the providing of consolidates/replicated data. A dedicated Business Systems Analyst works with this system on data integrity issues.
G. Due diligence on alternative investment products is outsourced to Rose Thomas and Associates and other providers of due diligence services. AIC monitors their performance through industry reputation, timeliness of response to requests, and thoroughness of reports.
H. Anti-Money Laundering support is provided by Home Land Tracker. The AML Officer and his staff perform quarterly audits. In addition, it is reviewed during the 3010 review performed by outside consultants.
I. AIC uses a suitability and oversight system which is provided by SunGuard. This system is still being implemented in AIC, and quality controls will be established.
J. Advertising preparation is provided by Emerald Publications and several other vendors. Compliance periodically verifies that these vendors have filed all materials with FINRA before they are provided to AIC representatives for use.
K. AIC uses the services of Accurint for purposes of verifying information which is required to be collected pursuant to the Customer Identification Program.

XXXV. SCHEDULE OF DESIGNATED RESPONSIBILITIES

The attached "Schedule of Designated Responsibilities" defines each Principal's specific duties and responsibilities as they pertain to the Supervisory Procedures. The schedule will include titles, registration status and locations of supervisory personnel and the responsibilities of each supervisor. This schedule will be updated to reflect any change of supervisory responsibilities.

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ADDENDUM A
SCHEDULE OF DESIGNATED RESPONSIBILITIES

NAME: Salene Hitchcock-Gear

DATE OF DESIGNATION: 04/95

LICENSE: FINRA Series 6, 7, 24

TITLE: President and Chief Executive Officer

BUSINESS ADDRESS:

5900 O Street, 1st Floor
P.O. Box 5507
Lincoln, NE 68505-0507
And
7315 Wisconsin Ave.
Bethesda, MD 20814
And
1876 Waycross Road
Cincinnati, OH 45240

RESPONSIBILITIES:

Responsible for overall direction of the organization as established with the Board of Directors.

Acts as the company's principal spokesperson with all major stakeholders.

Principal liaison with major customers, business partners, the Securities Industry, government agencies and professional societies.

ACC001040
FILE #8451

NAME: Cheryl L. Heilman

DATE OF DESIGNATION: 01/91

LICENSE: FINRA Series 4, 7, 24, 63, 65

TITLE: Vice President and Chief Operating Officer

BUSINESS ADDRESS:

5900 O Street
P.O. Box 5507
Lincoln, NE 68505-0507

RESPONSIBILITIES:

Directs, administers, and coordinates the activities of the B/D in accordance in accordance with business objectives, policies and goals established by the CEO.

ACC001041
FILE #8451

NAME: Gregory C. Sernett

DATE OF DESIGNATION: 6/06

LICENSE: FINRA Series 7, 24, 53, 63, 66

TITLE: Vice President, Broker Dealer Compliance Officer

BUSINESS ADDRESS:

5900 O Street
P.O. Box 5507
Lincoln, NE 68505-0507

RESPONSIBILITIES:

Responsible for establishing and developing a supervisory structure with the objective to achieve compliance with SEC, FINRA, MSRB rules/regulations, and the Investment Advisors Act of 1940 which includes:

Directing responses to Regulatory inquiries

Compliance Due Diligence Committee participation

Review of notices and alerts from FINRA, MSRB, SEC, Federal and State laws and regulations as pertaining to the broker/dealer and investment advisor.

Develop anticipatory solutions and manage effective implementation of new standards and procedures for new laws and regulations.

Accountable as lead for regulatory and consultant exams of broker/dealer and investment advisor.

Responsible for Annual CEO Compliance Certification

Lead on all customer complaint handling

ACC001042
FILE #8451

NAME: Maria E. Salinas Sherffius

DATE OF DESIGNATION: 6/96

LICENSE: FINRA Series 7, 24, 63

TITLE: Vice President, Broker Dealer Compliance Officer

BUSINESS ADDRESS:

5900 O Street
P.O. Box 5507
Lincoln, NE 68505-0507

RESPONSIBILITIES:

Execution of the capital markets compliance program

Execution of the Internal Controls program

Management and supervision of the daily activities/operations of the broker/dealer and capital markets compliance department.

Responsibility for organizing efficient work flows of the broker/dealer Compliance Dept.

Lead Participant in regulatory and consultant exam of broker/dealer

Accountable for annual review, updates and implementation of broker/dealer policies and procedures manuals (written supervisory, internal controls, registered representatives policies and procedures).

Review notices and alerts from FINRA, MSRB, SEC, Federal and State laws and regulations as pertain to the broker/dealer.

Upon CCO's directive, ensure effective implementation of new standards and policies

Review Escalated Political contribution requests

AIC's AML liason with enterprise AML Officer

ACC001043
FILE #8451

NAME: Kim M. Labarbiera-Paschall

DATE OF DESIGNATION: 8/06

LICENSE: FINRA Series 6, 7, 9, 10, 24, 63, 66

TITLE: Assistant Vice President, RIA Compliance Officer

BUSINESS ADDRESS:

7315 Wisconsin Ave.
Bethesda, MD 20814

RESPONSIBILITIES:

Provides direction and oversight for the RIA compliance program including the establishment and enforcement of RIA related policies and procedures to include:

Responsible for the execution of the investment advisory compliance program

Management and supervision of the daily activities/operations of the IA Compliance department

Responsible for organizing efficient work flows of the RIA

Lead participant in regulatory and consultant exam of RIA

Performs oversight on IA customer complaints and recommends resolutions to CCO

Accountable for annual review of AIA

Responsible for annual review, updates, and implementation of RIA policies and procedures manuals (written supervisory and IAR)

Review notices and alerts from FINRA, SEC, Federal and State laws and regulations as pertain to the RIA.

Upon CCO's directive, ensure effective implementation of new standards and policies

Develop, implement and monitor Insider Trading Policies and Code of Ethics training

ACC001044
FILE #8451

NAME: Raymond M. Gilbertson

DATE OF DESIGNATION: 2/00

LICENSE: FINRA Series 7, 24, 51

TITLE: Vice President, Insurance Compliance

BUSINESS ADDRESS:

5900 O Street
P.O. Box 5507
Lincoln, NE 68505-0507

RESPONSIBILITIES:

Assist in resolution and reporting of Customer Complaints

Assist in approval of registrations: RRs, Broker -Dealer, Branches, OSJ's

Assist with OSJ Inspections

AML Officer

ACC001045
FILE #8451

NAME: Deidre D. Cadwell

DATE OF DESIGNATION: 10/94

LICENSE: FINRA Series 4, 7, 24, 55, 63

MSRB Series 53

TITLE: Vice President, Operations MSRB Principal, Supervisory Options Principal, Compliance Registered Options Principal

BUSINESS ADDRESS:

5900 O Street
P.O. Box 5507
Lincoln, NE 68505-0507

RESPONSIBILITIES:

Oversees, directs, and controls the day to day operations of the broker/dealer.

Supervise Broker Dealer Operations

Supervise Broker Dealer Trading, Except Fixed Income Trading

Maintain and Preserve Broker Dealer Operations Books and Records

Monitor Option Customer Complaints/Report to Compliance Officer to Report to FINRA as required Compliance of Options Activities

ACC001046
FILE #8451

NAME: Rex Snyder

DATE OF DESIGNATION: 12/95

LICENSE: FINRA Series 3, 4, 7, 24, 63

TITLE: Vice President, Sales & Marketing Support

BUSINESS ADDRESS:

7315 Wisconsin Ave.
Bethesda, MD 20814

RESPONSIBILITIES:

Review and Approve Variable Insurance Business Arrangements

Chairman of AIC's Due Diligence Committee.

Extensive knowledge of product including alternative investments.

Distribution liaison to AIC's pure independent channel.

ACC001047
FILE #8451

NAME: Ryan Dewing

DATE OF DESIGNATION: 5/02

LICENSE: FINRA 7, 24, 66

TITLE: Surveillance / Internal Controls Manager, B/D Compliance

BUSINESS ADDRESS:

5900 O Street
P.O. Box 5507
Lincoln, NE 68505-0507

RESPONSIBILITIES:

Oversees and manages the field audit inspection process and procedure.

Responsible for the exception reporting process and review including:

Implementation and oversight of RR Audit program

Implementation and oversight of Internal Control program

Review field inspection reports

Handle OSJ Agreements and Bank Agreements

Handle new OBA approvals

Create oversight reports for heightened audit schedules

Responsible for determining which offices are on heightened audit schedules and which RRs require heightened supervision

Accountable for Surveillance Team's review of RR email system

Responsible for the assignment of examiner's office inspection schedules

Tracking of Monthly Transaction Blotters, Incoming Correspondence Logs, RR Statements and Inspection Reports

ACC001048
FILE #8451

NAME: William Janssen

DATE OF DESIGNATION: 11/82

LICENSE: FINRA Series 7, 24, 53, 63

TITLE: Vice President, Retail Sales Manager

BUSINESS ADDRESS:

5900 O Street
P.O. Box 5507
Lincoln, NE 68505-0507

RESPONSIBILITIES:

Overall Supervisory Responsibility for Retail Offices in Lincoln, Fremont, Grand Island, Omaha and their Associates.

ACC001049
FILE #8451

NAME: Michael Shoemaker

DATE OF DESIGNATION: 1/87

LICENSE: FINRA 3, 7, 53, 63, 65

TITLE: Vice President, Fixed Income Trading and Underwriting

BUSINESS ADDRESS:

5900 O Street
P.O. Box 5507
Lincoln, NE 68505-0507

RESPONSIBILITIES:

Work closely with representatives to find the best fixed income securities to fit their customer's needs. Including:

Brokered CDs, government agency paper, treasury notes and bonds, corporate debt and municipal bonds.

Daily contact with regional and national trading desks to negotiate the best price for the customer.

Responsible for pricing all of the municipal bond issues underwritten by Ameritas Investment Corp.

Review and Approve Fixed Income Trading, Fair Pricing, Syndicate Manager and Syndicate Member Participation

ACC001050
FILE #8451

NAME: Maria K. Langan

DATE OF DESIGNATION: 9/02

LICENSE: FINRA Series 7, 24, 53, 66

TITLE: Communications & Administrative Manager, B/D Compliance

BUSINESS ADDRESS:

5900 O Street
P.O. Box 5507
Lincoln, NE 68505-0507

RESPONSIBILITIES:

Author of Compliance newsletter

Lead creator of training and workshop material

Manage overall advertising, administration and approval process

Identifies and evaluates all rules and regulations relating to communications with the public – drafts and issues Alerts

Handles Firm Element CE Training Program

Develops Annual Compliance meeting materials

Reviews RR email system

Review and Approval of Advertising and Sales Literature; File With FINRA as Required

Review and Approval of Correspondence

Review of Business Cards and Letterhead

Review and Approves Websites

Tracking Annual Interviews

B/D Registered Representative Books & Records Preservation From Termed RRs.

ACC001051
FILE #8451

NAME: Wendell G. Hutsell

DATE OF DESIGNATION: 6/89

LICENSE: FINRA 7, 24, 63, 65

TITLE: Vice President Sales & Distribution

BUSINESS ADDRESS:

5900 O Street
P.O. Box 5507
Lincoln, NE 68510

RESPONSIBILITIES:

Manages AIC Distribution and Recruiting activities.

Serves as liaison between broker/dealer and insurance company lines.

Serves as primary distribution contact with UNIFI, AmerUs, AIC retail, and TierOne executives, RVPs and G/As.

Lead recruiting contact person.

Responsible for implementation of related infrastructure, including pay-out arrangement, transition of new recruits and related business.

Conducts home office and offsite recruit information meetings.

Coordinates communication between broker dealer and distribution lines.

ACC001052
FILE #8451

NAME: Julie Schadt

DATE OF DESIGNATION: 2/00

EXAM(s): FINRA Series 6, 7, 24, 53, 66

TITLE: Capitol Markets Assistant Compliance Officer

BUSINESS ADDRESS:

5900 O Street
P.O. Box 5507
Lincoln, NE 68510

RESPONSIBILITIES:

Handles RR political contribution requests

Responsible for the oversight of the capital markets compliance program

MSRB G-37/38 Quarterly reporting and oversight

MSRB G-14 monthly reporting and oversight

Oversight review of AIC's Municipal underwriting activities

Monthly review of MSRB's report of G-36 summary filings

Ensure all required books & records are maintained in accordance with MSRB Rules G-8, 9, 14, 21, 22, 32, 36, 37, 38

SEC/FINRA/STATE Inquiries

ACC001053
FILE #8451

NAME: Amy Starkey

DATE OF DESIGNATION: 4/94

EXAM(s): FINRA Series 4, 7, 24, 63, 65

TITLE: Assistant Vice President / Assistant Compliance Officer

BUSINESS ADDRESS:

1876 Waycross Road
Cincinnati, OH 45240

RESPONSIBILITIES:

Responsible for annual review, updates and implementation of broker/dealer policies and procedures manuals (written supervisory and RR Policies and Procedures)

Receives, reviews and drafts responses on broker/dealer regulatory inquiries for CCO's review and sign-off

Responds to escalated delinquent documents from Suitability and Assurance team.

Implements RR Closer Than Normal reviews

Investigates customer complaints (B/D) and recommends resolution to CCO

Handles escalated communication pieces

Provides back-up to communication/administration manager with regard to Ad Review committee participation

Reviews and responds to cash/non-cash compensation benefits

Handles oversight of the FINRA Executive Rep/Firm Questionnaire Contact

Handles oversight of System maintenance and WebCRD administration

Responds to questions from operations staff concerning compliance matters

Responsible for 3070 filings

ACC001054
FILE #8451

NAME: Carol Bishop

DATE OF DESIGNATION: 4/06

EXAM(s): FINRA Series 7, 24

TITLE: Director Field Administration

BUSINESS ADDRESS:

5900 O Street
P.O. Box 5507
Lincoln, NE 68510

RESPONSIBILITIES:

Accountable for all FINRA Registration filings

Oversight and accountability for the entire Licensing and Registration Department

Accountable for RR U4 Processing

Accountable for RR U5 Processing

Accountable for RR Regulatory Element Continuing Education notification process

ACC001055
FILE #8451

NAME: Andy Van Erp

DATE OF DESIGNATION: 9/95

EXAM(s): FINRA Series 7, 31, 63, 65

TITLE: Business Development Officer

BUSINESS ADDRESS:

1876 Waycross Road
Cincinnati, OH 45240

RESPONSIBILITIES:

Responsible for AIC's sales growth within our broker/dealer and registered investment advisor lines of business, as well as Rep development across the organization.

All of AIC's Investment products, services, sales support, rep training and technology are supported by the Business Development team.

Manages the AIC Business Development team consisting of our:
– Sales department
– Registered Investment Advisor department
– Marketing department

ACC001056
FILE #8451

NAME: CJ Thomas

DATE OF DESIGNATION: 8/96

EXAM(s): FINRA Series 6, 7, 31, 63

TITLE: RIA Director

BUSINESS ADDRESS:

7315 Wisconsin Ave
Bethesda, MD 20814

RESPONSIBILITIES:

Responsible for:

The growth of Investment Advisory and Financial Planning fees within AIC Building relationships with AIC Investment Advisor Rep (IAR) community in order to promote and grow our fee based business.

Managing, marketing and conducting due diligence on 25 + 3rd Party Outside RIA Platforms Managing, promoting and marketing Galaxy, Stars, Constellation, Portfolio Advisor and AIA Private Client programs to AIC Investment Advisor Reps.

The oversight of RIA proposal creation Creating and publishing AIC Global Market Watch and Global Asset Watch on a quarterly basis.

Conducting Investment Advisor Rep training surrounding "fee based" business through web-ex demos, phone calls and in person meetings.

Visiting offices and agencies on a regular basis to promote all RIA related products and services.

Keeping current on all Investment Advisory business within the Broker Dealer community and industry through conferences, industry meetings and contacts.

Conducting competitor research and updating the Executive Committee RIA participation in all UNIFI conferences and meetings.

Managing Morningstar, Profiles, NaviPlan, S & P, and Ibbotson relationships

Committing to providing the best Products, Services, Sales Support, Technology and training to help our IAR's grow their business and enhance their client relationships.

ACC001057
FILE #8451

NAME: John Feldman

DATE OF DESIGNATION: 5/91

EXAM(s): FINRA Series 4, 6, 7, 24, 53, 63, 65

TITLE: Assistant Vice President – Sales Director

BUSINESS ADDRESS:

1876 Waycross Road
Cincinnati, OH 45240

RESPONSIBILITIES:

Manages the AIC Sales Department that consists of reactive Sales Specialists and proactive Business Development Consultants.

The Sales Department is responsible for supporting all products, services, technologies and programs offered by AIC to the field.

Sales responsibilities include providing case consultation, asset allocation, portfolio analysis, and proposal creation services for both fee-based and commission-based accounts.

Responsible for the promotion and education of OneSource, Tools4you, the National Financial and Pershing online workstations, as well as AIC's line-up of Alternative Investments.

ACC001058
FILE #8451

NAME: Brooke Althouse

DATE OF DESIGNATION: 10/05

EXAM(s): FINRA Series 7, 24, 53, 66

TITLE: Commissions Manager

BUSINESS ADDRESS:

5900 O Street
P.O. Box 5507
Lincoln, NE 68510

RESPONSIBILITIES:

Oversees and directs the Commission Department processes and staff.

Enters and updates RR payout rates and associated overrides in Caesar.

ACC001059
FILE #8451

NAME: Vicki Kirchhoff

DATE OF DESIGNATION: 9/98

EXAM(s): FINRA Series 7, 24, 63, 66

TITLE: Recruiting and Transition Manager

BUSINESS ADDRESS:

5900 O Street
P.O. Box 5507
Lincoln, NE 68510

RESPONSIBILITIES:

Manages the Transition Team consisting of: Transition Coordinators

Oversees that the business move to AIC

Assists with AIC Recruiting

Development of a tracking and follow up method

Chair Person for Transition Group meetings to ensure "Speed to Market"

Reviews current processes for efficient transfer

Recommends modifications to processes

ACC001060
FILE #8451

NAME: Jennifer Elliott

DATE OF DESIGNATION: 5/00

EXAM(s): FINRA Series 4, 6, 7, 24, 26, 51, 53, 63, 66

TITLE: Operations Manager

BUSINESS ADDRESS:

1876 Waycross Road
Cincinnati, OH 45240

RESPONSIBILITIES:

The Operations Manager oversees the Trading, Customer Service, New Business and Cashiering teams

Coordinates hiring and training of associates

Conducts principal reviews

Monitors regulatory reports

Reviews procedures to find best practices

Approves brokerage account Option Applications as designated SROP

Handles higher-level or escalated issues

Works with VP of Operations to streamline process to find efficient ways to process business and provide a high level of service.

ACC001061
FILE #8451

NAME: Connie Grosser

DATE OF DESIGNATION: 11/89

EXAM(s): FINRA Series 4, 6, 7, 24, 27, 53, 63, 65

TITLE: Vice President Reporting and Control

BUSINESS ADDRESS:

1876 Waycross Road
Cincinnati, OH 45240

RESPONSIBILITIES:

Provides tactical oversight of the Risk and Commission areas.

Enhances current operations and profitability through risk management, analysis, and oversight of the day-to- day business review process, internal training programs, statistical reporting (internally and externally), business measurement reporting, and commission/fee processing of the broker/dealer and RIA business units.

ACC001062
FILE #8451

NAME: Chad Kyes

DATE OF DESIGNATION: 8/99

EXAM(s): FINRA Series 4, 7, 24, 53, 63, 65

TITLE: Suitability & Assurance Manager

BUSINESS ADDRESS:

5900 O Street
P.O. Box 5507
Lincoln, NE 68510

RESPONSIBILITIES:

Manages and oversees the staff who supervise the new account suitability at AIC

Trains internal and external parties in regard to policies and procedures and supervisory requirements

Assists with creating, implementing or modifying suitability or regulatory required documents

Department will act as the Home Office OSJ

ACC001063
FILE #8451

FINANCIAL OPERATIONS PRINCIPAL:

NAME: Steven M. Oss

DATE OF DESIGNATION: 4/04

EXAM(s): FINRA Series 27

TITLE: Assistant Vice President and Controller

BUSINESS ADDRESS:

5900 "O" Street
Lincoln, NE 68505-0507

RESPONSIBILITIES:

Responsible for the financial oversight of AIC

Interacts and reports to AIC's regulatory and self reporting organizations and monitors the financial regulatory financial requirements.

Ensures effective financial controls environment and accounting system that will enable to production of timely and reliable financial statements and reports as required by AIC's customers and clients, regulatory bodies, parent companies, and its management.

Provides financial expertise to the President, assists in the fulfillment of the President's financial reporting responsibilities to AIC's parents, board of directors and corporate officers and contributes to business decisions made by AIC's management by providing the management team financial information and analysis.

Interacts with UNIFI management and personnel to ensure that AIC provides all financial information required by its parent and affiliated companies.

ACC001064
FILE #8451

OSJ SUPERVISORY PRINCIPALS

RESPONSIBILITIES:

Recruiting
General oversight of RR training
Orientation of new hires
Branch office inspections of assigned branches
Assurance that assigned RR's attend and complete Continuing Education requirements:
Regulatory and Firm Element
Record keeping activities
Review and approval of new accounts
Review and approval of securities transactions
Review and approval of outgoing securities correspondence
Review and approval of incoming securities correspondence

The following have been designated as Supervisory Principals through completion of appropriate security exams, Regulatory Element, Firm Element and internal principal training.

GENERAL SECURITIES PRINCIPALS:

Fred Abbott
Exam(s): 6, 7, 9, 10, 26, 63, 65
Title: General Securities Principal

Business Address:
2415 Boston Post Rd
Guilford, CT 06437

Paul Blow
Exam(s): 6, 7, 24, 26, 53, 63
Title: General Securities Principal

Business Address:
65 E. Elizabeth Ave., Ste. 510
Bethlehem, PA 18018

Terry Boddy
Exam(s): 1, 7, 24, 51, 63
Title: General Securities Principal

Business Address:
7330 E Earll Dr Ste D
Scottsdale, AZ 85251-7221

ACC001065
FILE #8451

Jeff Breeling
Exam(s): 7, 24, 51, 63
Title: General Securities Principal

Business Address:
11902 Pierce Plz Ste 200
Omaha, NE 68144-1607

Curtis Harrington
Exam(s): 6, 7, 24, 63, 65
Title: Gen. Sec. Prin.

William Breitweiser
Exam(s): 3, 7, 24, 51, 63
Title: General Securities Principal

Business Address:
60 Terence Drive Suite 302
Pittsburgh, PA 15236

Bradley Brodersen
Exam(s): 7, 24, 53, 63, 65
Title: General Securities Principal

Business Address:
1235 N Street
Lincoln, NE 68508

Rick Small
Exam(s): 7, 24, 63, 65
Title: Gen. Sec. Prin.

John Calles
Exam(s): 6, 7, 24, 66
Title: General Securities Principal

Business Address:
The Penthouse, Gables International Plz
2655 Le Jeune Road PH2
Coral Gables, FL 33134

William Cline
Exam(s): 7, 24, 51, 63
Title: General Securities Principal

Business Address:
206 McKnight Park Dr.
Pittsburgh, PA 15237-6501

ACC001066
FILE #8451

Tim Croak
Exam(s): 7, 24, 63
Title: General Securities Principal

Business Address:
1070 Commerce Dr, BLDG 3
Perrysburg, OH 43551-5259

Dennis Dachtler
Exam(s): 7, 24, 51, 63, 65
Title: General Securities Principal

Business Address:
2130 E Bidwell St
Folsom, CA 95630

Phuoc (George) Dang
Exam(s): 6, 7, 24, 26, 53, 63, 65
Title: General Securities Principal

Wenjinn Chang
Exam(s): 6, 7, 24, 63, 65
Title: General Securities Principal

Business Address:
4550 Montgomery Ave, Suite 400N
Bethesda, MD 20814

David Decker
Exam(s): 7, 24, 66
Title: Gen. Sec. Prin

David Davis
Exam(s): 7, 24, 63
Title: General Securities Principal

Business Address:
11835 West Olympic Blvd., Ste. 600
Los Angeles, CA 90064

Kathleen Dennis
Exam(s): 7, 24, 27, 51, 63, 65, 66
Title: General Securities Principal

Business Address:
125 West Main
St. Charles, IA 50240-8540

ACC001067
FILE #8451

Gregory Edwards
Exam(s): 6, 7, 22, 24, 51, 63, 65
Title: General Securities Principal

Business Address:
1877 S. Federal Hwy, Ste 210
Boca Raton, FL 33432

Christopher Warren
Exam(s): 6, 7, 22, 24, 63, 65
Title: Gen. Sec. Prin.

Randal Espey
Exam(s): 6, 7, 24, 63, 66
Title: General Securities Principal

Business Address:
12600 Deerfield Pkwy Ste 170
Alpharetta, GA 30004-5099

Robert Ferguson
Exam(s): 3, 7, 24, 63, 65
Title: General Securities Principal

Business Address:
12412 Powerscourt Drive #150
St. Louis, MO 63131

Charles Saenger
Exam(s): 7, 24, 63, 66
Title: Gen. Sec. Prin.

David Fredrickson
Exam(s): 6, 7, 24, 51, 63, 66
Title: General Securities Principal

Business Address:
4851 Hillsboro Blvd A12
Coconut Creek, FL 33073-4364

Pam Bechtel
Exam(s): 6, 7, 24
Title: Gen. Sec. Prin.

Clark Suchovsky
Exam(s): 6, 26, 63
Title: Limited Principal

Business Address:
Markve & Associates
625 Sioux Point Road
PO BOX 349
Dakota Dunes, SD 57049-5075

ACC001068
FILE #8451

David Goaley
Exam(s): 6, 7, 24, 63, 65
Title: General Securities Principal

Business Address:
810 Tara Plaza
Papillion, NE 68046

Russell Hoota
Exam(s): 7, 24, 53, 63
Title: General Securities Principal

Business Address:
1357 Kapiolani Blvd., Ste. 1000
Honolulu, HI 96814

Donald Hunter
Exam(s): 7, 24, 53, 63
Title: General Securities Principal

Business Address:
6355 S. 56th St.
Lincoln, NE 68516

Jennifer Barker
Exam(s); 6, 7, 24, 53, 63
Title: Gen. Sec. Prin.

William (Bill) Janssen
Exam(s): 7, 24, 53, 63
Title: General Securities Principal

Business Addresss:
5900 O St.
Lincoln, NE 68510

Lindsay Schellpeper
Exam(s): 7, 24
Title: Gen. Sec. Prin.

Jeffrey Jaskol
Exam(s): 7, 24, 63, 65
Title: General Securities Principal

Business Address:
1307 White Horse RD Ste 603
Voorhees, NJ 08043

John Kauffeld
Exam(s): 4, 7, 24, 51, 66
Title: Gen. Sec. Prin.

ACC001069
FILE #8451

Donald Kitson
Exam(s): 6, 7, 24, 63, 65
Title: General Securities Principal

Business Address:
42855 Garfield Rd ST 110
Clinton Twp, MI 48038-5027

Tim Kunes
Exam(s): 7, 24, 51, 63, 65
Title: General Securities Principal

Business Address:
16800 Dallas Pkwy., Ste. 110
Dallas, TX 75248-1907

Lynda Lawson
Exam(s): 7, 24, 53, 63
Title: Gen. Sec. Prin.

John Burns
Exam(s) 7, 24, 63, 65
Title: Gen. Sec. Prin..

Randy Studer
Exam(s): 6, 7, 26, 63, 65
Title: Limited Prinipal

Brad Whitman
Exam(s): 6, 7, 24, 26, 63, 65
Title: Gen. Sec. Prin

Business Address:
1601 60th St., Ste. 105
W. Des Moines, IA 50266-7718

Kerry Mann
Exam(s): 6, 7, 22, 24, 51, 63
Title: General Securities Principal

Business Address:
4403 1st Avenue SE, Ste. 414
Cedar Rapids, IA 52402

ACC001070
FILE #8451

Anthony Mazzarelli
Exam(s): 7, 24, 51, 63
Title: General Securities Principal

Business Address:
6940 O St Ste 406
Lincoln, NE 68510

Business Address:
440 Regency Pkwy Dr. Ste 250
Omaha, NE 68114

Corey Pouloskv
Exam(s): 7, 24, 63, 65
Title: Gen. Sec. Prin.

Jeff Miller
Exam(s): 6, 7, 22, 24, 63
Title: General Securities Principal

Business Address:
4944 Pleasant St
W Des Moines, IA 50266

Donna Krupko
Exam(s): 7, 24, 51, 63, 65
Title: Gen. Sec. Prin.

Michael Muslin
Exam(s): 7, 24, 51, 63, 65
Title: General Securities Principal

Business Address:
790 Holiday Drive
Foster Plaza 11, 1st Floor
Pittsburgh, PA 68510

Ruth Forsyth
Exam(s): 7, 24, 51, 63, 65
Title: Gen. Sec. Prin.

Charles Nowlin
Exam(s): 1, 24, 63, 65
Title: General Securities Principal

Business Address:
2000 Southridge Pkwy Ste 100
Birmingham, AL 35209

John Pelham
Exam(s): 6, 7, 22, 24, 53, 63, 65
Title: Gen. Sec. Prin.

ACC001071
FILE #8451

James Oppenlander
Exam(s): 7, 22, 24, 51
Title: General Securities Principal

Business Address:
880 Lyra Drive Ste 680
Columbus, OH 43240

Larry Palmer
Exam(s): 1, 24, 63, 65
Title: General Securities Principal

Business Address:
1660 Hotel Circle North, Suite 205
San Diego, CA 92108

Anthony Perrone
Exam(s): 6, 7, 24, 51, 66
Title: General Securities Principal

Business Address:
940 Centre Cir Ste 1008
Altamonte Spg, FL 32714

Tony Pettola Jr.
Exam(s): 6, 7, 24, 51, 63, 65
Title: General Securities Principal

Alan Katz
Exam(s): 7, 24, 51, 63, 65
Title: Gen. Sec Prin.

Business Address:
180 Rice Dr.
Morrisville, PA 19067

Michael Pevzner
Exam(s): 6, 7, 8, 22, 26, 51,63, 65
Title: General Securities Principal

Business Address:
2841 Executive Dr., Ste. 220
Clearwater, FL 33762

ACC001072
FILE #8451

John Pittman
Exam(s): 7, 8, 63, 65
Title: General Securities Principal

N. Pete Altmann
Exam(s): 6, 26, 63
Title: Limited Principal

James Callens
Exam(s) 6, 7, 24, 63, 65
Title: General Securities Principal

Business Address:
1501 El Camino Ave., Ste. 1
Sacramento, CA 95815

Tom Rankin
Exam(s): 7, 24, 51, 63, 65
Title: General Securities Principal

Business Address:
3200 E Camelback Rd Ste 245
Phoenix, AZ 85018

John Recchia
Exam(s): 7, 24, 63, 65
Title: General Securities Principal

Business Address:
380 Lexington Ave, Ste 1920
New York, NY 10168

Debbie Reitsema
Exam(s): 7, 24, 26, 63
Title: General Securities Principal

Business Address:
14800 St Marys Lane, Ste 100
Houston, TX 77079-2901

Matthew Rembisz
Exam(s): 7, 24, 51,63
Title: Gen. Sec. Prin.

Richard Hall
Exam(s): 6, 7, 26, 63
Title: Limited Principal

Business Address:
3220 SW 1st Ave., Ste. 150
Portland, OR 97201

ACC001073
FILE #8451

Jim Schulz
Exam(s): 7, 24, 63
Title: General Securities Principal

Business Address:
7101 S. 82nd St.
Lincoln, NE 68516

Ben Siebler
Exam(s): 6, 7, 24, 51, 63, 65
Title: General Securities Principal

Business Address:
1910 N. Bell Street
Fremont, NE 68025-5029

Leonard Simpson
Exam(s): 6, 7, 24, 26, 63, 65
Title: General Securities Principal

Business Address:
108 Lost Creek Drive
Folsom, CA 95630

David Sorensen
Exam(s): 7, 8, 24, 51, 63
Title: General Securities Principal

Business Address:
5951 McKee Road, Ste. 200
Madison, WI 53719

Stuart Speer
Exam(s): 7, 24, 51, 63, 66
Title: General Securities Principal

Business Address:
8826 Sante Fe Dr, Ste 100
Overland Park, KS 66212

ACC001074
FILE #8451

Thomas Steffl
Exam(s): 2, 6, 7, 24, 63, 65
Title: General Securities Principal

Business Address:
28600 295th Ave.
Holcombe, WI 54745

Ken Stover
Exam(s): 6, 7, 24, 26, 53, 63, 65
Title: General Securities Principal

Matt Weinheimer
Exam(s): 7, 24, 63
Title: Gen. Sec. Prin.

Don Ames
Exam(s): 6, 7, 24, 63
Title: Gen. Sec. Prin.

George Wilcox
Exam(s): 6, 22, 26, 63
Title: Limited Principal

Business Address:
4101 Parkstone Heights Dr Ste 210
Austin, TX 78746

Henry Lawrence (LT) Thompson IV
Exam(s): 7, 24, 63
Title: General Securities Principal

Business Address:
1155 Southgate Corporate Park SW
Hickory, NC 28602

John Trecek
Exam(s): 52, 53, 63
Title: Municipal Principal

Business Address:
440 Regency Pkwy. Dr., Ste. 222
Omaha, NE 68114-3742

Steve Tunink
Exam(s): 6, 7, 26, 24
Title: General Securities Principal

Business Address:
730 Philadelphia St.
Indiana, PA 15701

ACC001075
FILE #8451

Tom Vautier
Exam(s): 6, 7, 24, 51, 3, 65
Title: General Securities Principal

Business Address:
111 E. Call St.
PO Box 536
Algona, IA 50511

Jason Veinot
Exam(s): 7, 24, 63, 65
Title: General Securities Principal

Business Address:
131 Prosperous Pl, Ste 14A
Lexington, KY 40507-1716

Tim Walla
Exam(s): 7, 24, 51, 63, 65
Title: General Securities Principal

Business Address:
7450 w 130th St Ste 140
Overland Park, KS 66213

Brian Walsh
Exam(s): 6, 7, 24, 63, 65
Title: General Securities Principal

Business Address:
119 W Wayne Ave
Wayne, PA 19087

Larry Ward
Exam(s): 7, 24, 26, 51, 63
Title: General Securities Principal

Wayne Schmidt
Exam(s): 6, 7, 26
Title: Limited Principal

Business Address:
389 Hwy. 21 #401
Madisonville, LA 70447-3407

ACC001076
FILE #8451

James Weaver
Exam(s): 7, 24, 53, 63
Title: General Securities Principal

Henry Weaver
Exam(s): 6, 26, 63
Title: Lim. Principal

Business Address:
887 S. Arlington Ave.
Harrisburg, PA 17109-5004

R. David Wentz
Exam(s): 1, 7, 24, 52, 63, 65
Title: General Securities Principal

Craig Hallier
Exam(s): 6, 7, 24, 63, 65
Title: General Securities Principal

Business Address:
4801 W 110th St, Ste 200
Overland, KS 66211

John Worrel
Exam(s): 6, 7, 24, 63, 65
Title: General Securities Principal

Business Address:
3200 Ridgelake Drive Ste 215
Metairie, LA 70002

William Zeiner
Exam(s): 7, 24, 51, 63
Title: General Securities Principal

Timothy Hannah
Exam(s): 7, 24, 63
Title: Gen. Sec. Prin.

Business Address:
One Sugar Creek Cntr Blvd, Ste 475
Sugarland, TX 77478

ACC001077
FILE #8451

NON-OSJ GENERAL OVERSIGHT PRINCIPALS

RESPONSIBILITIES:

Provides General Oversight to Assigned Registered Representatives, OSJ's and Branch Offices

UNIFI:

Ron Baregi
Exam(s): 6, 7, 24, 63
Title: 2nd VP Individual Distribution Operations
Business Address: 5900 O Street
Lincoln, NE 68510

Melissa Camp
Exam(s): 1, 6, 7, 24, 63, 65
Title: Regional Vice President
Business Address:116 Orchard Lane
Centerville, GA 31028

Russell Duade
Exam(s): 7, 24, 63
Title: 2nc VP, Field Sales
Business Address:1876 Waycross Rd
Cincinnati, OH 45240

John Emery
Exam(s): 7, 24, 63
Title: Regional Vice President
Business Address: 12020 Shamrock Plaza, Ste. 200
Omaha, NE 68154

Doug Gritton
Exam(s): 6, 7, 24, 63
Title: Vice President Agency Distribution
Business Address: 5900 O Street
Lincoln, NE 68510-2234

Wendy Jordan
Exam(s): 6, 7, 24, 63
Title: Supervisor - Marketing Representative, CLU, FLMI, ACS Supervisor
Business Address: 5900 O St.
Lincoln, NE 68510

ACC001078
FILE #8451

Steven McLeod
Exam(s): 6, 7, 24, 63
Title: Field Sales Vice President
Business Address: 12091 Mahogany Isle Ln
Fort Myers, FL 33913

Mike Morgan
Exam(s): 7, 24, 51, 63
Title: Regional Vice President
Business Address: 255 Park Ave., Ste 1000
Worcester, MA 01609

Kevin O'Toole
Exam(s): 6, 7, 22, 24, 26, 39, 63
Title: Senior VP Agency Distribution
Business Address: 1876 Waycross Rd
Cincinnati, OH 45240

J. Greg Peay
Exam(s): 7, 24, 63
Title: Regional Vice President
Business Address: 2212 Arlington Downs Rd., Ste. 210
Arlington, TX 76011

Mark Perlman
Exam(s): 6, 26, 63
Title: Field Sales VP for Disability Income
Business Address: 1876 Waycross Rd
Cincinnati, OH 45240

Andrew Powers
Exam(s): 2, 7, 22, 26, 63
Title: Regional Vice President
Business Address: 1876 Waycross Rd
Cincinnati, OH 45240

John Urban
Exam(s): 1, 7, 24
Title: Field Sales VP
Business Address: 1876 Waycross Rd
Cincinnati, OH 45240

ACC001079
FILE #8451

AVIVA / AmerUs:

Danne Jones
Exam: 7, 24, 63
Title: Regional Vice President
Business Address: 611 5th Avenue
Des Moines, IA 50309

Steve Hinrichs
Exam(s): 6, 7, 24, 63
Title: Regional Vice President
Business Address: 611 5th Avenue
Des Moines, IA 50309

John Lovejoy
Exam(s): 6, 7, 24, 63, 65
Title: Regional Vice President
Business Address: 608 Oakcrest Dr.
Shelbyville,KY 40065

Edward (Mickey) Moore
Exam(s): 7, 24, 63
Title: Regional Vice President
Business Address: 611 5th Ave.
Des Moines, IA 50309

Nicholas Radosta
Exam(s): 7, 22, 24, 63
Title: Regional Vice President
Business Address: 46959 Piper Ct.
Shelby Twp, MI 48315

ACC001080
FILE #8451

ALIC & UC LIMITED PRINCIPALS

RESPONSIBILITIES:

Review of suitability and approval of new accounts

LIMITED SECURITIES PRINCIPALS:
Exam: 6, 26
Titles: Limited Securities Principal

Business Addresses:

5900 O Street
Lincoln, NE 68510

1876 Waycross Rd
Cincinnati, OH 45240

Name:

Cary Anthony
Alex Barth Jr
Cindy Cecava
Julie Churchwell
Scott Corbett
Joyce Dauel
Becky Deppen
Sandy Egger
Brooke Fine
Ray Gilbertson (Ser. 7, 24, 66)
Heather Harrington
Lorrie Herel
Marty Johnson
Lynn Kenney
Steve Karver
Gina Klucas
Susan Maly
Betty Merritt
Diane Mueller
Jennifer Nolda
Wanda Peterson
Raymond Picone
Patricia Reiners
Deanna Ruff
Deb Sterns
Gary Strine
Michelle Visconti
Blake Voorhees
Karen Walker
Ryan Walker
Jessie Waller
Debra Want
Laura White

ACC001081
FILE #8451

HOME OFFICE
GENERAL SECURITIES PRINCIPALS:

Title: General Securities Principal

Business Addresses:

5900 O St. Lincoln, NE 68510	1876 Waycross Rd Cincinnati, OH 45240	7315 Wisconsin Ave. Bethesda, MD 20814

Name:

Brooke Althouse 7 ,24, 53, 66
Rita Asbrock 7, 24
Michelle Baker 7, 24, 51, 53, 66
Bill Beavers 7, 24, 63
Richard Berthold 6, 7, 24, 53, 63, 66
Carol Bishop 7, 24
Richard Boyle 7, 24, 53, 55, 63
Aletha Brown 7, 24, 63
Deidre Cadwell 4, 7, 24, 53, 55, 63
Richard Chitwood 7, 24, 63
Diane Collins 6, 7, 26
Crystal Davenport 4, 7, 24, 27, 53, 63, 65, 66
Ryan Dewing 7, 24, 66
Kevin Dittmer 7, 24
Jennifer Elliott 4, 6, 7, 24, 26, 51, 53, 63, 65
Joel Engle 7, 24, 53, 66
Brendon Feury 7, 24, 53, 66
Ray Gilbertson 7, 24, 51, 66
Connie Grosser 4, 6, 7, 24, 27, 53, 63, 65
Rhonda Harris 7, 24, 63
Cheryl Heilman 4, 7, 34, 63, 65
Salene Hitchcock-Gear 6, 7, 24
Steven Holmquist 7, 24, 63, 66
Wendell Hutsell 7, 24, 63, 65
Cathy Jones 6, 7, 24, 26, 53, 63
Linda Kennedy 6, 7, 24, 51, 53, 63, 66
Vicki Kirchhoff 7, 24, 63, 66
Tina Kreikemeier 6, 7, 24, 53, 63, 66
A.J. Kurtzer 4, 7, 24, 53, 63, 66
Chad Kyes 4, 7, 24, 53, 63, 65
Maria Langan 7, 24, 53, 66
Kristi Larsen 6, 7, 24, 27, 66, 98
Christine Long 6, 26, 51
Charles Massarella 7, 9, 24, 53, 63, 66
Grant Mcnulty 6, 26
Audrey Mines 6, 7, 24, 26, 53, 66
Pete Pallard 6, 7, 24
Chris Payne 7, 24, 66
Susan Reese 7, 66
Julie Schadt 6, 7 ,24, 53, 66
Gregory Sernett 7, 24, 53, 63, 66
Maria Sherffius 7, 24, 63
Dan Shiley 6, 7, 24, 26, 53, 63
Jeff Smalley 7, 24, 53, 63
Rex Snyder 7, 24, 63, 66
Diana Stanley 6, 7, 24, 26, 51, 53, 63, 66
Amy Starkey 4, 7, 24, 63, 65
Lori Teaford 7, 24, 53, 66
Kent Teixeira 6, 7, 24, 53, 63, 66
Marianne Tesar 6, 7, 24, 63, 66
John Trecek 52, 53, 63
Kathryn Trestain 6, 7, 26, 51, 63
Bobbi Wiggins 7, 24, 66

ACC001082
FILE #8451

ADDENDUM B

OFFICE OF SUPERVISORY JURISDICTION AND SUPERVISING PRINCIPAL OBLIGATIONS AND DUTIES

1. Maintaining the books and records required by the SEC, FINRA, state laws and AIC policies for each branch office under supervision of the OSJ. Records include, but may not be limited to:

- Complaint file, including office compliant log
- Advertising file for all securities-related Advertising including Compliance Approval
- Monthly Transaction Blotter
- Client files for each client containing, suitability information, copies of all correspondence, and all other documents required to open an account
- Incoming correspondence log and copies of all correspondence
- Outgoing correspondence log and copies of all correspondence (pre & post)
- Signature Guarantee stamp log with copies of all documents guaranteed
- Non-Registered personnel file
- Exception Report file (OSJ's only)
- Business card and letterhead file
- Office inspection file
- Do-Not-Call-Fax-Email file

The OSJ and all corresponding RRs will be limited to the sales of those products for which the Supervising Principal (OSJ) is properly licensed.

2. Review of all securities-related correspondence prior to submission to the Home Office.

3. Review of all securities transactions for suitability.

4. The preliminary inquiry into all background information for all RRs and non-registered personnel proposed to be registered by AIC to be employed in the OSJ under its supervision.

5. Semiannual inspections of all branch offices established under the supervision of the OSJ. Such inspections shall cover all securities activities of that branch office, including any investment advisory services provided by IAR who conduct business on behalf of AIC at that branch office.

6. Periodic inspections, at the discretion of AIC's Compliance Officer, of all branch offices established under the supervision of the OSJ.

8. OSJ will ensure that Principals and all RRs will obtain required E&O coverage.

9. OSJ will ensure that each office at which brokerage services are provided, and which is designated as a branch office by identifying it with a sign, is a branch office of AIC by all appropriate regulatory agencies having jurisdiction over AIC. Books and records required to be maintained at each office relating to brokerage business will be available for inspection by regulatory bodies and AIC.

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10. OSJ agrees to comply and ensure compliance by branch offices, Principals and RRs under its supervision, with the FINRA Continuing Education Requirements.

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ADDENDUM C

REGISTERED REPRESENTATIVE IN CHARGE – RECORDS EXPLAINER DUTIES AND RESPONSIBILITIES AGREEMENT

- Maintaining the books and records required to be kept in the branch office. The records will include, but may not be limited to, complaint file, including office complaint log, Do Not Call Fax Email list, incoming & outgoing correspondence files for all securities-related correspondence, advertising file, monthly transaction blotter file, non-registered fingerprint file, a client file for each client, containing among other things, suitability information and copies of all correspondence.

- Designating individual to open all incoming mail. Securities related correspondence should be logged in on the Incoming Correspondence log and a file maintained.

- Should checks or securities be delivered to the branch office, ensuring that they are promptly recorded and then forwarded the same day to AIC's home office.

- Forwarding the original of all complaints to AIC's Compliance Department.

- Forwarding all solicitation correspondence to the Compliance Department of AIC for review and approval prior to use.

- Distributing to each RR assigned to the branch office, appropriate current sales literature, prospectuses, training material, operating instructions and other information provided by AIC (if multiple RRs in office).

- Maintaining the AIC Policies and Procedures Manual.

- Promptly notify OSJ or the Home Office of any change in the residence or business address of any RR assigned to the AIC branch office.

- Correcting in a timely manner, any discrepancies that were brought to the attention of the branch office during an inspection by AIC, the OSJ or any regulatory authorities.

- Display signage that identifies broker/dealer if office is an OSJ or FINRA registered branch office. If signage is not obtained from AIC, this must have prior Compliance Department approval.

Acknowledgment and Agreement

I hereby acknowledge receipt and agree to comply with the procedures of the Registered Representative

in Charge – Records Explainer of the office located at

_____.

_____ _____

Signature RR in Charge – Records Explainer Date

_____

Printed Name RR in Charge – Records Explainer

ADDENDUM D

AMERITAS INVESTMENT CORP.

BRANCH OFFICE
INSPECTION CHECK LIST

The most recent version of the above-listed forms can be found on the tools4you.com website under the heading "Forms, Compliance."

ADDENDUM E

SALES & MARKETING COMMUNICATIONS COMPLIANCE POLICIES & PROCEDURES

for

Ameritas Life Insurance Corp., First Ameritas Life Insurance Corp. of New York, The Union Central Life Insurance Company and Acacia Life Insurance Company.
Also incorporated into Ameritas Investment Corp.'s Policies and Procedures.

EFFECTIVE April 1, 2005

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I. INTRODUCTION

A. To achieve our business goals, our communications to those that sell our products and to the general public must be accurate, informative and creative, and must represent the highest standards of ethics and integrity, relevant balanced disclosure and compliance.

B. Compliance review is integral to creating successful sales and marketing communications. The establishment and enforcement of Sales & Marketing Communications Compliance Policies and Procedures is a compliance function subject to oversight by the Insurer's senior Compliance Officer.

C. More helpful and practical information about sales and marketing communications compliance by product line can be found on the Enterprise Intranet Communities site for "Ad Review" at http://intranet.ameritas.com/comm/adrev.

II. DEFINITIONS

A. **"Insurer"** *is defined* as each of those insurers identified above.

B. **"Distributor"** is *defined broadly* to include any individual or entity intended to directly or indirectly promote sales of the Insurer's insurance products or to recruit others to distribute those products.

This definition includes licensed individuals and entities such as agents, producers, registered representatives, broker dealers and solicitors, and unlicensed individuals and entities such as financial planners, certified public accountants, banking officers, employers and other centers of influence through which the public may learn about the insurer's insurance products.

C. **"Sales & Marketing Material"** *is defined* to include: "Advertisement," sales literature, correspondence and "Institutional Sales Material." All Sales & Marketing Material except "Institutional Sales Material" can be further characterized as either **"Public Communications"** (*defined as* communication intended for or susceptible to use to the general public, including distributors who are not appropriately licensed to sell the product being discussed) or **"Internal Communications"** (*defined as* communication intended for use solely to enterprise distributors appropriately licensed to sell our products, including internal wholesalers and group producers). "Institutional Sales Material," is a subset of Internal Communication.

D. **"Advertisement"** *is defined broadly* as "Sales & Marketing Material" that is not "Institutional Sales Material" in that it is material created or used by an Insurer or Distributor, regardless of the type of media, delivery medium or method of distribution, that is designed to:

1. create interest among the public or any distributor of insurance products in an Insurer or its products;

2. induce the public to purchase, increase, modify, reinstate, borrow on, surrender, replace, or retain a policy; or

3. train or solicit any Distributor to induce the public to purchase, increase, modify, reinstate, borrow on, surrender, replace, or retain a policy.

Advertisements *include*, but are not limited to, these specific kinds of materials, regardless of who prepares them (so includes material purchased from third-parties):

1. Printed and published material, audio/visual material, and descriptive literature used in direct mail, newspapers, magazines, directory ads, telephone yellow page ads, radio and television scripts, web sites and other Internet/Intranet displays or communications, other forms of electronic communications, billboards, and similar displays.

2. Descriptive literature and sales aids of all kinds, including but not limited to circulars, leaflets, booklets, depictions, illustrations, and form letters and lead-generating devices of all kinds.

3. Material used for the recruitment, training, and education of Distributors and used or designed to be used to directly induce the public or to train Distributors to induce the public to purchase, increase, modify, reinstate, borrow on, surrender, or replace a policy. *(Material designed to solely educate*

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distributors about our products and product-use strategies is not an "Advertisement," but is "Institutional Sales Material.")

4. Prepared sales talks, presentations, and related material.

5. Solicitation material included with a policy upon policy delivery and material used in the solicitation of renewals and reinstatements.

Advertisements are *not*:

1. Communications with policyholders that do not urge policyholders to purchase, increase, modify, reinstate, or retain a policy. This generally includes service forms and letters, statement stuffers, etc. However, if as a secondary purpose the piece mentions benefits or features of a policy, or suggests policyholders should consider something other than what they currently own, the piece must be considered an Advertisement.

2. An announcement from a group policyholder simply notifying eligible employees or members about new or proposed coverage, but that does not describe specific benefits or advantages of the coverage and states such details will be provided in a later communication. This does not prohibit a general endorsement of the program by the sponsor.

3. Individualized correspondence from an agent to a single prospect or policy owner, although a substantially similar letter being sent to more than one such prospect or policy owner will generally be considered to be a form letter that is an Advertisement.

   While 'correspondence' is not an Advertisement, correspondence by a FINRA registered representative must be submitted for review to a principal designated by representative's broker-dealer Compliance Officer, and must adhere to general standards as stated in these procedures as well as policies and procedures of the broker-dealer.

4. Court-approved material ordered by a court to be disseminated to policyholders.

E. **"Institutional Sales Material"** *is defined* as "Sales & Marketing Material Internal Communication" (not a "Public Communication" or "Advertisement") whose purpose is solely to educate Distributors about our products and product-use strategies and is distributed or made available only to:

1. A financial professional person or entity appropriately licensed to sell the products being promoted.

2. The employer, plan manager or other fiduciary of the plan, but not any participant, of an IRS 401(k) plan that has at least 100 participants or an employee benefit plan under IRS 403(b) or 457 that has at least 100 participants.

The principal benefit in classifying "Sales & Marketing Material Internal Communication" as "Institutional Sales Material" instead of an "Advertisement" is the potential for more limited disclosure requirements when using testimonials and product comparisons.

F. **"Advertising Review Process"** *means* the process adopted by the Insurer to conduct its own compliance review of "Sales & Marketing Material" to assure regulatory content, filing and record-retention requirements are met.

G. **"Advertising Review Committee"** is *defined* as the committee or individual designated by the Insurer's senior Compliance Officer to review and approve material pursuant to these Policies and Procedures.

H. **"Advertising Review Administrator"** is *defined* as the individual responsible for maintaining required regulatory records of material subject to these Policies and Procedures and for maintaining evidence of appropriate internal and regulatory review and approval.

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III. IMPLEMENTATION OF THESE POLICIES & PROCEDURES

A. Adoption by Executive Management of Affected Affiliated Companies

These Sales & Marketing Communications Compliance Policies & Procedures shall be adopted by the Insurer's Executive Management prior to implementation, and may be updated from time to time upon the concurrence of the Insurer's senior Compliance Officer. The current version of these Policies and Procedures is posted on the Enterprise Intranet Communities site for "Ad Review."

B. Acknowledgement of Receipt by Affected Departments

1. The Insurer's senior Compliance Officer shall cause these Policies & Procedures to be distributed or available to appropriate management, associates and Distributors.

2. The Insurer's senior Compliance Officer may require written acknowledgement of receipt and knowledge of these Policies & Procedures from associates, including management, with direct involvement and responsibility over materials and activities subject to these Policies and Procedures.

3. Associates involved in creating and reviewing or managing Sales and Marketing Communications shall keep apprised of the latest version of these Policies and Procedures as updated from time to time on the Enterprise Intranet Communities site for "Ad Review."

IV. ADVERTISING REVIEW PROCESS

A. Normal Advertising Review Process

1. Most communications submitted to the Advertising Review Process can be initially reviewed within five business days.

2. The 'normal' Advertising Review Process consists of review by each member of the Advertising Review Committee.

3. All "Sales & Marketing Material" is subject to the 'normal' Advertising Review Process, except template "Institutional Sales Material" as described in Section IV.B. below.

B. Limited Advertising Review Process

1. "Institutional Sales Material" that follows a template format, where the template has previously been approved by the Advertising Review Committee pursuant to the Normal Advertising Review Process, may be used upon approval of just a Law Division member of the Advertising Review Committee and, where required for regulatory purposes, a member of the appropriate company's Compliance Department (which is generally the Advertising Review Principal of broker-dealer Ameritas Investment Corp. for individual insurance communications).

2. The Advertising Review Committee may identify other "Institutional Sales Material" that is appropriate for the Limited Advertising Review Process.

3. In all other respects, the Limited Advertising Review Process is the same as the Normal Advertising Review Process.

C. Expedited Advertising Review Process

1. "Expedited Advertising Review" is an exception review process of "Sales & Marketing Material" to be used only when circumstances reasonably prevent the usual pre-planning expected of Advertising Originators in order to submit material through the Normal or Limited Advertising Review Process prior to the desired time to use the material.

2. "Expedited Advertising Review" is available upon request and subject to the Advertising Review Committee's discretion. The Advertising Review Committee may refuse a request for Expedited Advertising Review when the Committee determines an Advertising Originator is abusing the 'exception' purpose of Expedited Advertising Review, or when other circumstances would reasonably prevent the necessary Advertising Review Committee members from reviewing the material submitted for review on an expedited basis.

3. Sales & Marketing Material accepted for Expedited Advertising Review shall generally be reviewed within 24 hours of submittal, except lengthy materials (such as presentations over 20 slides or other content over four pages) shall generally be reviewed within 48 hours of submittal. The expectation upon Advertising Originators is that Advertising Review Committee comments upon material submitted for Expedited Advertising Review shall be addressed with the same sense of urgency and timeliness.

D. Right of Appeal

An Advertising Review Committee decision pursuant to these Policies & Procedures may be appealed to the Insurer's senior Compliance Officer. The Insurer's senior Compliance Officer's decision shall be final.

A matter involving a securities product or Sales & Marketing Material to be used by a registered representative of Ameritas Investment Corp. ("AIC") preliminarily requires the consent of AIC's reviewing principal, whose decline decision may be appealed to AIC's Chief Compliance Officer, before a decline decision from any other member of the Advertising Review Committee may be appealed to the Insurer's senior Compliance Officer. In other words, a decline by AIC's Chief Compliance Officer is final and cannot be appealed to the Insurer's senior Compliance Officer.

E. Responsibilities of the Advertising Originator

1. To know current policies, procedures and regulations applicable to "Sales & Marketing Material" (as communicated by Compliance and Law Departments), and to keep their department's management apprised of internal or regulatory developments impacting the compliant development of such material.

2. To have a thorough working knowledge about the product, supplemental benefit or rider, and sales strategy for which the advertising originator is responsible for preparing or presenting Sales & Marketing material for review by the Advertising Review Committee. Such knowledge should include information about the product's features, including benefits, risks and limitations, the product's intended markets, commission structure, and fit within the total portfolio of products sold by the affected distribution outlet.

3. Prepare Sales & Marketing Material and independently evaluate it for compliance with these Policies and Procedures before submitting it to the Advertising Review Process.

   ∃ Obtain permission to reprint materials produced by others (such as media article reprints or any material protected by copyright or other proprietary interest).

   – *Variable and Retirement Plan product Sales & Marketing Material where the product is sold pursuant to a Participation Agreement may require approval by any mutual fund company identified in the advertisement. (Many of our Participation Agreements give blanket consent to certain uses of their proprietary information.)*

   ∃ Obtain permission to use testimonials. The testimonial and permission to use it should be re-verified at least annually.

   ∃ Identify sources for quoted statistics or use of copyrighted material and to support comparison data, and maintain copies of those sources in the Advertising Originator's file for the Sales & Marketing Material.

   ∃ Content intended to be protected as a proprietary interest should be copyrighted. Generally, the owner of the copyright is the Insurer; for multi-Insurer material, the owner of the copyright should be "Ameritas Acacia Mutual Holding Company."

4. *(Currently does not apply to Group Division Material.)* Submit Sales & Marketing Material to the Advertising Review Process on a submittal form approved by the Advertising Review Committee.

   ∃ Material is best submitted as it would appear to the intended audience; e.g. letters appear on the intended letterhead, etc. Where that is not possible, provide information about the logos and disclosure content so that the Advertising Reviewer will understand how the final version will appear.

- ∃ Notify the Advertising Review Committee meeting agenda facilitator at least two days in advance of any material to be scheduled for discussions at an Advertising Review Committee meeting.

5. Attend Advertising Review Committee meetings – in person or by telephone - when the Advertising Originator's Sales & Marketing Material is scheduled to be discussed.

6. Track progress of submitted Sales & Marketing Material throughout the Advertising Review Process:

   - ∃ Make required changes prior to use.

   - ∃ Notify the Advertising Review Administrator if the material is to be removed from the Advertising Review Process and not used if changes cannot be timely made.

   - ∃ Maintain a file reflecting changes made until a final version is approved by the Advertising Review Committee and, if applicable, any regulatory reviewer.

   - ∃ Prior to use of any material, provide the Advertising Compliance Administrator with a final approved copy of the material for compliance files, including the signed-off submittal form. "Pdf" electronic versions of these documents is preferred, but if not available three final printed copies should be provided. Obtain sign-off from Advertising Reviewers on the submittal form. *(Until the electronic 'rolling review' process is fully implemented, e-mail approvals should be gathered and forwarded to the Advertising Review Administrator together with a completed submittal form noting the dates each Advertising Reviewer approved the material.)*

     - For large-size material with no 'pdf' file, such as an entire website, one print copy only needs to be provided.

     - For First Ameritas Sales & Marketing Material, the Advertising Originator also must send three specimen copies of the final-approved material to the First Ameritas office in Suffern, New York.

   - ∃ Maintain a file or provide the Advertising Review Administrator with information identifying the method and extent of use, including the targeted audience and method and scope of delivery.

7. Resubmit Sales & Marketing Material previously approved by the Advertising Review Committee through the Advertising Review Process at least every three years, or whenever the Advertising Originator has reason to believe such material may no longer comply with these Policies and Procedures and/or current regulatory requirements.

   - ∃ The Advertising Originator is primarily responsible to monitor the ongoing compliance of previously approved material, to call the Advertising Review Committee's attention to such material that may no longer be compliant, and to proactively remove such material from use.

   - ∃ Any previously approved material that changes *in any way* must be assigned a new form number or revision date and usually must be resubmitted through the Advertising Review Process. To facilitate a timely and accurate review, a redlined or highlighted copy of the previously approved material showing the changes is helpful.

F. Responsibilities of the Advertising Reviewer

1. To know and apply current policies, procedures, laws and regulations (as communicated by Compliance and Law Departments) governing the creation and use of Sales & Marketing Material created on behalf of the Insurer.

2. To have a general working knowledge about products, including supplemental benefits and riders, and sales strategies for which Sales & Marketing material is routinely reviewed. Such knowledge should include information about the product's intended markets, features, commission structure, and fit within the total portfolio of products sold by the affected distribution outlet.

3. Attend Advertising Review Committee meetings, or arrange to otherwise review or have a substitute reviewer attend such meetings.

4. Review material submitted to the Advertising Review Process and timely provide comments to Advertising Originators to make such material compliant with these Policies and Procedures and regulatory requirements.

5. The Law and Compliance Department Advertising Reviewers shall monitor regulatory and legal developments affecting the preparation of compliant Sales & Marketing Material and shall timely communicate any alerts or changes in the application of these Policies and Procedures necessitated by such developments.

6. The broker-dealer Advertising Reviewer Principal may, at his/her sole discretion, permit the Advertising Originator to use Sales & Marketing Material for up to 10 days prior to a FINRA filing of the advertisement. This discretion is generally limited to material that is substantively similar to previous Sales & Marketing Material approved by FINRA, and does not obviate any need for prior review of such material by the Reviewer Principal.

G. Responsibilities of the Advertising Compliance Administrator

1. Establish and maintain files and records as required for regulatory compliance.

2. Establish and maintain a computer database accessible by associates most involved in the Advertising Review Process identifying Sales & Marketing Material approved by the Advertising Review Committee, such material submitted to regulators for regulatory review, and such other information as the Advertising Review Committee may from time to time find helpful.

3. Make appropriate filings and reports to regulators regarding Sales & Marketing Material.

   - A limited number of States require Public Communications Advertising to be filed with the State Insurance Department. Most of these States allow such material to be filed concurrent with use, but some states require such material to be filed up to 30 business days (45 calendar days) prior to use.

   - Generally, internet Sales & Marketing Material is implemented on a 'file and use' basis wherever possible. Some States may require disclosure that internet material is pending review by the applicable regulatory agencies and that residents of the affected States should not rely upon the internet information.

   - FINRA review time for normal filings can vary from two to eight weeks. FINRA expedited review is available, for an additional charge, for most variable annuity material of fewer than ten pages, and results in FINRA review within five business days.

   - The Administrator generally submits filings to FINRA within three business days, and to States within five business days, of receipt from the Advertising Originator of the final sign-off submittal form and 'pdf' or printed copy of the reviewed material.

4. Notify the Advertising Originator and the Advertising Review Committee of regulatory responses to filed Sales & Marketing Material.

H. Advertising Review Committee Members

The Advertising Review Committee Members for each Insurer and business division are identified in the Enterprise Intranet Community site for "Ad Review."

V. CONTENT STANDARDS

A. What Advertising Rules Apply to My Department's Material?

1. Summaries of applicable regulations and laws are on the Enterprise Intranet Community site for "Ad Review" together with more detailed information about requirements that may apply to specific situations or business lines.

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2. These Policies and Procedures generally apply to communications from all lines of business. Exceptions are where, for instance, a regulatory scheme such as FINRA is discussed that is inapplicable to your product line, or where your product line is specifically excluded.

3. Such issues as style, grammar, budget, message, and design are not intended to be subject to the Advertising Review Process. However, issues of corporate image, distribution channel relationships and potential conflicts, accurate financial and corporate information, and ratings are subject to Advertising Review Committee review and approval. Where the Committee does not have the enterprise's best subject matter expertise on such issues, its role is primarily to assure the issue is raised and addressed at the appropriate enterprise level and that appropriate enterprise experts are consulted to reach the best enterprise decision.

4. Sales & Marketing Material used to market insurance products in financial institutions (like banks) must contain proper disclosures and conform to applicable banking-regulation requirements.

5. The Content Standards are broadly stated, and often allow room for interpretation. If in doubt about how a standard should be applied, interpret content in a way most favorable to consumer disclosure. Your Law or Compliance Department Advertising Reviewer can help you understand applicable regulators' current application of specific standards.

B. Content Standards for ALL Sales & Marketing Material

1. Must:

∃ Include a unique advertisement form number located in the lower left corner of the front page. (Some "Internal-use" material may not need the form number on the advertisement, although it is helpful for tracking purposes.) The form number should include a date. (Ex: AG 1234 Ed. 2-04, GR 5678 Rev. 11-03.). Any change in the advertisement requires a new form number; a change in the revision date may be a new form number for immaterial changes or statistical updates.

∃ If a product is named, must identify at least once and early the kind of product being discussed. Not just "Overture Medley!", but "Overture Medley! variable annuity." Not just "Overture Bravo!", but "Overture Bravo! survivorship variable life insurance." This applies to all lines of business.

∃ Identify early and clearly once the full name of the company issuing any product identified in the Sales & Marketing Material.

- Exception for 'blind' ads used to recruit personnel. (Example: "Wanted – agents to sell WL, VUL, VA, group dental and mutual funds. Top Commissions paid. Call xxx-xxxx." Don't need to identify any company.)

∃ Identify the form number of any policy or rider mentioned in the material.

∃ Cite sources for quoted material or statistics.

∃ Be based upon principles of fair dealing and good faith.

∃ Be fair and balanced.

- Use of "No-load" or "low-load" must be balanced with disclosure that the product has charges.

∃ Provide a sound basis for evaluating the facts about the product or strategy discussed.

∃ Disclose the relationship to the Company of any unrelated person or entity identified in the advertisement, noting any non-affiliation between them and the Company.

∃ For testimonials:

- Disclose if compensation was paid for an endorsement or testimonial.

- If the testimonial is about product results or benefits or makes specific service statements or claims, state the testimonial may not be representative of another's experience. *(A simple claim that "Ameritas' service was friendly, professional and prompt." needs no disclaimer.)*

- Cite knowledge and experience of the person quoted sufficient for a consumer to recognize the person as an expert if the testimonial is about an aspect of the product requiring expertise to form a valid opinion.

- "Institutional Sales Material" may not need as much detail about testimonial disclosure. *(Consult a Compliance or Law Advertising Reviewer.)*

∃ Balance claims about tax or income benefits with disclosure about which taxes or tax penalties may apply.

∃ Have verifiable support (to be kept at least in the Advertising Originator's files) of any claims made in the Sales & Marketing Material. (Example: Claims that a product's costs are lower than industry averages.)

∃ Identify companies providing other services or products mentioned in an advertisement. (Example: disclosing "Morningstar Associates LLC" for the asset allocation tool.) Depending on the service or product, it may be necessary to disclose non-affiliation between that company and our company.

∃ 'Puffery' must have a basis in verifiable fact. *(See the Enterprise Intranet Community site for "Ad Review" for examples of acceptable and unacceptable 'puffery.')*

2. Cannot:

∃ Omit any material fact or qualification if the omission, in light of the content of the material presented, would cause the communication to be misleading.

∃ Relegate disclosure to a footnote if doing so inhibits a fair and balanced clear understanding of the content. *Regulators disallow most footnoting of disclosure.*

∃ Include any false, exaggerated, unwarranted or misleading statement or claim. (Consider the context in which the claim is made, and the clarity of the claim.)

∃ Partially compare products (including features like performance or specific benefits) or services without disclosing that the products likely have other different features, costs and expenses that should be considered in evaluating both products.

- FINRA takes a very hard line on this, and prohibits comparisons unless all material differences between products are disclosed, including investment objectives, costs and expenses, liquidity, safety, guarantees or insurance, fluctuation of principal or return, and tax features.

- "Institutional Sales Material" may not need as much detail about product comparisons disclosure where its clear the comparison is limited. *(Consult a Compliance or Law Advertising Reviewer.)*

∃ Claim a product or feature is tax-free or exempt when the tax is merely postponed or deferred.

∃ 'Puffery' cannot be promissory or infer certainty about a product's non-guaranteed risks and uncertainties; and cannot compare or infer comparison to other products or companies unless enough information is provided to fairly, completely and accurately evaluate the comparison or at least provide adequate notice of the limited or incomplete comparison being made. *(See the Enterprise Intranet Community site for "Ad Review" for examples of acceptable and unacceptable 'puffery.')*

• Disparage other enterprise lines of business or distribution systems or otherwise overtly create direct channel conflicts. *(Example: direct-to-consumer distribution material using*

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disparaging language about agent-sold products. Factual comparative material is generally permitted.)

C. Additional Content Standards for Securities or related strategy Sales & Marketing Material *(includes registered and unregistered securities, so includes group variable annuities)*:

1. Must also:

   ∃ Prominently disclose the name of the FINRA member (AIC) and identify AIC as the underwriter of any security mentioned. *(Does not apply to unregistered securities, like Group VAs.)*

   ∃ Disclose the relationship between the FINRA member or Insurer and any other person/entity named in the ad. *(Example: An ad for an independent broker-dealer must disclose the non-affiliation between AIC and that broker-dealer.)*

   ∃ For a testimonial, also state the testimonial is no guarantee of future performance and success.

   ∃ Include standard 'prospectus offer' disclosure if any product is mentioned.

   ∃ Disclose that the product includes "risk of loss, including principal" if the discussion is any more than just a listing of the product.

   ∃ Disclose that any cited performance (whether actual or hypothetical) is no guarantee of future performance or success.

   ∃ Disclose that any product guarantees "depend upon the claims-paying ability of the issuing insurance company." Depending upon the content, you may also need to add that the product guarantees also "do not apply to investment option assets."

   ∃ Disclose that insurance company ratings "do not apply to assets in the variable investment options."

   ∃ For variable life insurance Sales & Marketing Material, always emphasize the insurance aspect (death benefit protection) as the dominant product feature; may then promote investment features with a balanced discussion.

   ∃ When a "dollar cost averaging" program is promoted, include this or comparable disclosure: "Dollar cost averaging includes continuous investing regardless of price levels. Although its goal is to lower the investor's average portfolio cost, it does not assure a profit and does not protect against loss in declining markets."

   ∃ When "portfolio rebalancing" or "earnings sweep" programs are promoted, include this or comparable disclosure: "These programs do not assure a profit and do not protect against loss in declining markets."

2. Also cannot:

   ∃ Predict or project performance that isn't guaranteed, imply that past performance will recur or make any exaggerated or unwarranted claim, opinion or forecast.

   – This does not prohibit the use of hypothetical performance when illustrating variable life insurance pursuant to FINRA rules.

   ∃ Use terminology that could be inferred to mean retail mutual funds are directly available in the product. Generally avoid using the word "fund" or "mutual fund"; do use "portfolio." Also, don't say "portfolio from XYZ Fund Manager"; do say "portfolio managed by XYZ Fund Manager."

- Represent or imply that variable products are short-term, liquid investments. Presentations regarding liquidity or ease of access to investment values must be balanced by clear language describing the negative impact of early redemptions. With respect to variable life insurance, discussion of loans and withdrawals must explain their impact on cash values and death benefits." *(FINRA IM 2210-2(a)2))*

- Use 'clone fund' performance to promote a similar variable insurance product investment option.

D. "Internal Communications" vs. "Public Communications"

1. These Policies and Procedures intentionally make few distinctions between content standards and review processes applicable to "Public Communications" versus "Internal Communications" Advertisements. "Internal Communications" are mostly subject to the same review process and regulatory content standards as "Public Communications." However, in applying content standards to "Internal Communications," it is usually possible to consider an audience as more sophisticated about the products and services we offer (such as registered reps, for instance); that and the slightly different regulatory requirements applicable to "Institutional Sales Material" may allow some disclosure to be more limited than is required for "Public Communications" Advertisements.

2. So, the primary advantages of identifying material as "For [Broker][Agent][Financial Professional] Use only. Not for Use With Clients." are:

   - Such material does not need to be filed with regulators for approval, so can usually be available for use more quickly since only internal approval is required.

   - Such material may be able to take into account that the audience is more sophisticated, allowing some disclosure to be eliminated or abbreviated.

   - To help prevent material inappropriate for the public but appropriate for distributors from being used with the public, such as training about sales strategies or content about commission structures.

E. Partial Performance Illustrations and Comparisons of Variable Products

1. "Public Communications" Advertisement content standards generally prohibit partial-performance illustrations and comparisons. However, "Internal Communications" material may be able to use more limited disclosure where the material clearly is used with a more sophisticated audience or where the material can be classified as "Institutional Sales Material." *Consult with a Law or Compliance Advertising Reviewer when developing this kind of material.*

2. Any overt or implied comparison of products must provide enough information for the reader to make an informed and complete comparison of the compared products, including (as applicable) investment objectives, costs and expenses, liquidity, safety, guarantees or insurance, fluctuation of principal or return, and tax features. *(See FINRA Rule IM 2210-2(b)(2) and Rule 2210 (d)(2)(B).)*

3. Portfolio Performance *(See FINRA NTM 03-77, and SEC Reg. 230.482):*

   - Must be as of the most recent calendar quarter, and at least give notice about how to obtain performance as of the most recent month-end.

   - Must at least give 'standardized' disclosure identifying charges reflected; once given, then nonstandardized can also be given. If not all charges are reflected, must also disclose about non-disclosed charges and state that had all charges been reflected, the quoted performance would have been lower.

   - Include at least this disclosure: "Past performance does not guarantee future results; current performance may be higher or lower than that quoted."

4. VA Performance:
   Performance must be net of all recurring costs such as maximum M&E charge and administrative charges. Performance for specified time periods within a surrender charge period must at least reflect imposition of surrender charges. *("FINRA deems performance net of such costs to be material information that is necessary to make performance presentations fair and not misleading."*

FINRA Alert Vol. 16 No. 2 summer 2002.) Once you show 'standardized' performance, then you can show 'non-standardized' in your desired format.

5. VL Performance and Comparisons:
"Public communications" content standards applicable to Advertisements generally prohibit comparing performance of multiple VL products. It is okay to illustrate investing in VL versus term life with a side investment fund.

6. Both VA and VL Performance and Comparisons:
"Institutional Sales Material" may have greater latitude to use more limited disclosure than might be required for Advertisements for partial performance and comparisons in order to educate appropriately-licensed distributors about our VA and VL products. However, general content standards of fairness, balanced, and material not being misleading still apply. This is very much a 'facts and circumstance' evaluation, depending upon the audience and how the material is distributed or communicated. *Consult with a Compliance or Law Department Advertising Reviewer when developing such material.*

∃ For more on this topic, including summaries of applicable rules, see the Enterprise Intranet Communications site for "Ad Review."

F. Corporate Identity

The Corporate Standards & Guidelines Manual governs the use of all Enterprise names and logos for maintaining consistency, character and overall quality of the Corporate image. The on-line manual is located on the Enterprise Intranet in the Corporate Services section under "Corporate Communications." The intranet address is: http://intranetameritas.com/cs/corpcomm.html

VI. SPECIAL SITUATIONS

A. Prepared Presentations *(such as RVP, Home Office associate, and OSJ principal presentations to affiliated or prospective agents/representatives, including Ameritas/Acacia hosted seminars that may include non-associated speakers)*

1. Prepared Presentations are subject to the Advertising Review Process and must comply with all requirements set forth in these policies and procedures, so cannot be used until approved by the appropriate Advertising Reviewers.

2. Required disclosure, including required speaker notes accompanying visual material, must be presented without abbreviation or elimination. Required disclosure should be presented in a manner that is not disparaging to the need for disclosure but in a manner that affirms our enterprise commitment to **represent the highest standards of ethics and integrity, relevant balanced disclosure and compliance.** Note: Most presentations need a general disclosure regarding not providing tax/legal advice. *See Section VIII, below, for disclosure language.*

3. Required handouts must be distributed. This may include printed copies of a full illustration, qualified plan disclosures or copies of a prospectus.

4. Presentations Hosted by our enterprise where non-enterprise speakers appear: *For required disclosure, see Section VIII, Some Required Disclosures.*

5. Presentations given at industry-sponsored seminars to industry professionals (such as NAVA or ACLI seminars/conferences). Such presentations can typically be considered as internal or non-public communications. This does not excuse compliance disclosure requirements for non-public communications, but generally avoids regulatory filing requirements for public communications. Consult with an Ad Review Committee member with questions about particular situations.

B. Media Participation (radio call-in shows, interviews, newspaper/magazine articles, etc.)
Appearance and participation in more 'journalistic' media can be great methods of promotion, but they also tend to raise public expectation about the Enterprise and its representatives. Prospects seeking out representatives of companies as a result of positive media participation tend to expect a higher standard of care and 'trust' of such individuals.

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Media participation can be scripted (example: prepared newspaper/magazine articles) or unscripted (example: radio call-in shows, interviews).

1. Media participation is still communication that is subject to the Advertising Review Process, including prior review wherever possible.

2. Unscripted media participation which does not lend itself to prior Advertising Review Committee review of content should use the following safeguards and process:

   ∃ Provide advance notice of the appearance to the Advertising Review Committee wherever possible.

   ∃ Tape visual/audio media participation and obtain copies of printed interviews/quotes wherever possible and provide them to the Advertising Review Committee.

   ∃ Follow content standards for Advertisements.

   ∃ Provide general advice and comments only and avoid discussions of specific financial/insurance problems or solutions without advising that it is difficult to provide specific advice about products or solutions without meeting with a client and determining their specific need, and individuals should consult with their own qualified [insurance][tax][legal] advisor about their unique situation.

C. Vendor and Independently Prepared Material

1. IS subject to our Advertising Review Process even if it has 'passed' compliance or received a regulator's approval for use by the preparing entity. *(Example: material created by another broker-dealer or mutual fund company that has already received FINRA approval by them.)* Such material may be viewed differently in our context and may require independent regulatory filing by us prior to use.

2. Must receive permission from the person/entity creating the material before using it in our context.

3. Obtain copy of any regulatory review letter (such as the FINRA comment letter) received by the independent entity.

D. The Role of Field Distributors in the Advertising Review Process

Sales & Marketing Material ideas may originate in the field. How do those materials get submitted to the Advertising Review Process?

1. Most material created by field distributors should be submitted to the internal home office department they already have relationships with which is able to shepherd the material into and through the Advertising Review Process. *(Depending upon the field distributor, this internal department may be the Individual Sales and Development department or "SMART" department - Strategic MARketing and Technology, or the Group Marketing and Training department.)* Field distributors should not directly submit materials into the Advertising Review Process.

2. Material created by an Ameritas Investment Corp. representative that does NOT involve an Ameritas Acacia insurance product but is otherwise required to be submitted to AIC for AIC principal review and approval may be submitted directly to the AIC reviewing principal.

E. Field Recruiting Material

Field recruiting material is generally considered "Advertising" for purposes of content standards. Exceptions where usual Advertising content standards don't apply or vary:

1. Where no company or product is identified, there may be latitude for general comparative language as long as it is not disparaging of any one company, the industry in general, and dos not create Enterprise channel conflict. Such material is generally not subject to the formal Advertising Review Process.

2. Types of products and services available are listed without identifying the issuing company. As long as its only a list, usual required disclosure is not necessary. *(Example: the so-called 'blind' recruiting ad.)*

VII. RECORDS REQUIREMENTS

A. Advertising Originators

Ad Originators are required to retain all documents which are directly or indirectly related to the creation and use of Sales & Marketing Material, including its submission to the Advertising Review Process. Such documents should include substantiating information regarding factual claims made in Sales & Marketing Material as well as regarding testimonials and use of proprietary information.

B. Advertising Review Administrator

The Advertising Review Administrator shall maintain all files regarding Sales & Marketing Material as are necessary to comply with applicable regulatory requirements.

VIII. SOME REQUIRED DISCLOSURES

The specific language for disclosures shown below is current only as of the date these Policies and Procedures were published. Since the regulatory environment is fluid, required specific language may change slightly over time and new sample required disclosures may be added. Current versions of required disclosures can be found on the Enterprise Intranet Communities site for "Ad Review."

A. General

GENERAL CASH VALUE LIFE INSURANCE DISCLOSURE.
Permanent life insurance is a long-term investment.

DISCLOSURE WHEN PRODUCT GUARANTEES ARE MENTIONED
Policy guarantees are based upon the claims paying ability of the issuer.

RATINGS
Ratings must always be accompanied by information identifying our rating in the overall ratings scheme, plus disclosure about what the rating represents. One cannot just show the rating. Example: "A.M. Best Rating Ag, Excellent (3rd highest of Best's 15 ratings for financial strength and operating performance)" In variable product material, must also disclose that "ratings do not apply to assets in the variable investment options."

GUARANTEES
"Guarantees are subject to the claims paying ability of [the insurance company]." *FOR VARIABLE PRODUCTS ONLY, ALSO ADD:* "... and do not apply to the investment performance of the underlying investment options available to you with this product."

WITHDRAWALS AND LOANS *(life insurance)*
Withdrawals and loans will reduce available death benefit. Withdrawals beyond basis may be taxable income. Excessive and unpaid loans will reduce policy value and may cause the policy to lapse.

WITHDRAWALS AND LOANS *(annuities)*
Withdrawals and unpaid loans prior to age 59½ may be result in federal tax penalties.

RIDERS
Optional provisions and riders have limitations, restrictions and additional charges except where noted.

DISCLOSURE FOR BANK DISTRIBUTION OF INSURANCE & SECURITIES PRODUCTS
Not FDIC Insured. No financial institution guarantee. May lose value.

REPLACEMENTS
There may be penalties and surrender charges when replacing coverage, which can be substantial. *(Also, if the promoted new product includes new surrender charges or contestability period, must disclose.)*

USE OF TAX-DEFERRAL EXAMPLE CHARTS

Use a reasonable federal income tax rate and reasonable constant earned interest rate. Include all relevant product charges that are possible; identify those charges not included in the hypothetical calculation. When illustrating a taxable vs. a tax-deferred investment over a several decades (20-30 years), include this disclosure at least immediately beneath the chart (not as a footnoted disclosure):

"[Identify the charges included in the calculation.][Identify the charges not included in the calculation as a part of this disclosure: "The following charges were not reflected in the hypothetical example, above, and would reduce the performance of the tax-deferred investment if they would have:[identify the charges]."] Lower maximum tax rates on capital gains and dividends would make the investment return for the taxable investment more favorable. Investors should consider their personal investment horizon and income tax brackets, both current and anticipated, when making an investment decision. It is likely an investor's tax bracket would change over time."

WHENEVER TAX OR ESTATE PLANNING STRATEGIES ARE DISCUSSED

Any information provided regarding [tax] [estate planning] should not be considered tax or legal advise. Consult your own tax professional or attorney regarding your unique situation.

SEMINAR HOSTED BY 'US' WHERE NON-ENTERPRISE SPEAKERS APPEAR

This seminar is for informational purposes only. The speakers and presenters appearing at this seminar are solely responsible for the content of their presentations and may not necessarily represent the opinions of [The Ameritas Acacia Companies] or affiliated companies. Neither The Ameritas Acacia Companies nor any of its representatives are in the business of giving tax, legal or accounting advice. Attendees should consult with their own accounting, tax or legal professionals to determine action appropriate for their unique situation.

Similar Disclosure should appear on any printed binder of speaker materials to be handed out at such seminars.

SEMINAR HOSTED BY 'US' WHERE ONLY ENTERPRISE SPEAKERS APPEAR

This seminar is for informational purposes only and will cover a variety of topics examining the role insurance and other financial products may play in financial decisions. Although many of the topics presented may also involve tax, legal, accounting or other issues, neither [The Ameritas Acacia Companies" nor any of its representatives is in the business of giving tax, legal or accounting advice. [You][You and your clients] should consult with their own accounting, tax or legal professionals to determine action appropriate for their unique situation.

Similar Disclosure should appear on any printed binder of speaker materials to be handed out at such seminars.

Variable Products

GENERAL VARIABLE PRODUCTS OR SECURITIES (if variable products are not mentioned) DISCLOSURE. *Typically immediately precedes the Prospectus Offer. Must be included anytime content says more about a security other than simply list it.*

[Variable life insurance and variable annuities][Securities] include risk of loss, including principal.

VL INSURANCE

Variable life insurance is a long-term investment.

PROSPECTUS OFFER.

Must be in a font size as large and as prominent as, but different from, most of the ad text. Generally, we're seeing it in the italic version of the surrounding font.

Before investing, carefully consider the investment objectives, risks, fees, and other important information about the policy issuer and underlying investment options. This information can be found in the policy and investment option prospectuses. You can obtain copies from us. Read the prospectuses carefully before investing.

DOLLAR COST AVERAGING

Do NOT say Dollar Cost Averaging "lowers volatility."

Dollar cost averaging involves continuous investing regardless of price levels. Although its goal is to lower the investor's average portfolio cost, it does not assure a profit and does not protect against loss in declining markets.

PORTFOLIO REBALANCING / EARNINGS SWEEP

These programs do not assure a profit and do not protect against loss in declining markets.

PAST PERFORMANCE

Past performance does not guarantee future results; current performance may be higher or lower than that quoted.

VL HYPOTHETICAL ILLUSTRATIONS *(must immediately precede the illustration)*

The illustration below shows how the performance of the investment options could affect the policy cash value and death benefit. The illustration is hypothetical and does not project or predict investment results.

MODEL ASSET ALLOCATION

Asset allocation models recommend investment allocations determined to be consistent with an investment risk profile. The investor chooses whether or not to implement a model and subsequent recommended allocation changes. Implementation does not guarantee a profit or protect against a loss.

MONEY MARKET PORTFOLIO

Must be in a font size as large and as prominent as, but different from, most of the ad text. Generally, we're seeing it in the italic version of the surrounding font.

An investment in money market investment options is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Money market investments seek to preserve the value of your investment at $1.00 per share, but include risk of loss, including principal.

USE OF HYPOTHETICAL ILLUSTRATION OF THE IMPACT OF LOWER FEES ON ACCUMULATION

Must use hypothetical investments, not actual investments. Must fully disclose assumptions used. Must show the impact over multiple time horizons, as just showing it at 20 or 30 years may be misleading if most investors typically hold the investment (such as a variable annuity) less than 10 years. Consider showing at least durations 1, 5 or 10, and 30 years. Durations should be clearly labeled in any chart. Label the chart: "Hypothetical Accumulation Example." Include this disclosure: "This is a hypothetical example for illustrative purposes only. Actual rates of return will vary over time for most long-term investments. But, it does illustrate the difference lower expenses can make."

IX. SUMMARY OF APPLICABLE REGULATIONS

A. States

Most states have adopted some form of these NAIC Model Regulations: Advertisements of Life Insurance and Annuities Model Regulation, and Advertisements of Health and Sickness Model Regulation. In addition to general requirements that ads be accurate, not misleading, complete, etc., most states also require the following:

- Fully identify the kind of insurance being offered – variable life insurance, group dental or vision, group annuity contract, etc. Don't just call it by the product's marketing name or by abbreviations only – VL, VA, term, etc. (with the possible exception that it may sometimes be appropriate that internal-use only materials use only abbreviations or marketing names).

- Identify the issuing insurer by its full name near the beginning or on the first page of the advertisement. Some states require that the home or principal office address of the insurer be identified.

- Prohibit use of investment terminology with non-variable insurance products.

- Increasingly, states are adopting advertising and marketing practice restrictions giving greater protection to elderly members of the public.

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- ∃ Several states require advertising to be filed with the state insurance department in advance of or for approval prior to first use. Several states also have unique terminology and disclosure requirements.

B. FINRA

1. FINRA regulations can be broadly stated and susceptible to interpretation and fluctuating needs of the current regulatory environment, so some guidelines tend to change over time although the regulation may not, and are based upon experience. Consultation with a Compliance or Law Advertising Reviewer is suggested.

2. Principal Rules: Rule 2210, Communications with the Public
   IM-2210-1, Guidelines to Prevent Misleading Communications
   IM-2210-2, Communications about VL and VA Products
   IM-2210-3, Use of Rankings in Ads and Sales Literature
   Rule 2211, Institutional Sales Material and Correspondence

3. All "Advertisements" must be reviewed and approved by the Ameritas Investment Corp. principal Advertising Reviewer prior to use. AIC may establish policies and procedures for "Institutional Sales Material" to be used

4. The offering member company (Ameritas Investment Corp.) must be identified at least as prominently as most of the text in the communication piece.

5. FINRA can conduct spot check audits of any public use or internal use communications at any time, and does.

6. Generally, internal use materials are subject to the same content and disclosure requirements as public use materials. Limited exceptions are allowed to the extent the audience for internal use materials (such as affiliated registered reps) can be assumed to already have some knowledge about the product, can be assumed to have a more sophisticated understanding about the product and securities generally, the material is such that it is not reasonable to assume it would be used with the public and it is not misleading or exaggerated about the product, or the material is clearly focused on educating representatives about our product (so qualifies as "Institutional Sales Material").

C. SEC

1. Principal Rules: 1933 Act, Rule 134, Communications Not Deemed a Prospectus
   1933 Act, Rule 135a, Generic Advertising
   1933 Act, Rule 156, Investment Company Sales Literature
   1933 Act, Rule 482, Ads by Investment Companies
   1940 Act, Rule 34b-1, Sales Literature Deemed to be Misleading

2. Rule 134 defines the kinds of communications about securities which do not require the prior or concurrent provision of a prospectus. Rule 134 also includes the requirement that a prospectus be offered (the "prospectus offer" disclosure language).

3. Rule 135a defines advertising that need not include a prospectus offer or AIC disclosure; e.g. the 'laundry list' exception where the ad only lists the kinds of services provided without ANY additional copy describing or promoting securities.

4. Rule 156 requires any sales literature to not be misleading; e.g., it cannot be incomplete, unbalanced, exaggerated, in describing a security or comparing it to other products. Defines 'sales literature' broadly to include internal communications which can be reasonably expected to be used directly, or indirectly to impact written or oral communications to the public (so could include training material).

5. Rule 482 was changed in late 2003. Rule 482 is the source of most of the required disclosures in securities advertising, such as the requirement to advise of risks, disclose expenses, identify the source from which a prospectus can be obtained, and performance disclosures.

6. Rule 34b-1 generally references other SEC requirements for various performance and yield representations. The absence of any such requirements is deemed misleading.

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ADDENDUM F

IMPORTANT NOTICE OF PRIVACY OF INFORMATION PRACTICES

This Notice is provided on behalf of Ameritas Investment Corp.

OUR PRIVACY COMMITMENT TO YOU

We value your trust. That is why we are committed to protecting your personal information. This Notice explains the way we use and protect your personal information. You do not need to take any action but you do have certain rights that are described in this Notice.

THE UNIFI COMPANIES

In addition to Ameritas Investment Corp., the UNIFI Companies consist of the following affiliated companies, all of which offer their own Notice of Privacy Practices:

Ameritas Life Insurance Corp.
Summit Investment Advisors, Inc.
First Ameritas Life Insurance Corp. of New York
Acacia Life Insurance Company
Acacia Federal Savings Bank
The Union Central Life Insurance Comp any
PRB Administrators, Inc.
Summit Investment Partners, Inc.
Calvert Group, Ltd.

INFORMATION WE COLLECT

We collect information about you for the purpose of conducting routine business functions such as:

Opening and servicing your accounts; and
Providing you with excellent customer service.

Following are examples of the types of customer information we may collect about you:

- **Personal identification and contact information** such as your:
  - Name, address and telephone number;
  - Social Security number; and
  - Date of birth.
- **Financial information** such as your:
  - Assets;
  - Income; and in some cases
  - Credit history.
- **Health or Medical Information**: We do not collect or maintain medical information about our investment customers.

HOW WE GATHER YOUR PERSONAL INFORMATION

Most of the information we collect about you comes directly from you. You give us personal information when you apply for our products and services. We also may receive information from:

- Your agent or broker who helps you initiate and service your account;
- Governmental agencies; and
- Independent reporting agencies.

HOW WE USE AND SHARE YOUR PERSONAL INFORMATION

In most states, the law allows us to share your information within our affiliated companies. You may not opt-out of these disclosures. We will only share your information within the UNIFI Companies as permitted by law. We do not share non-experience information (as defined by the Fair Credit Reporting Act) within the UNIFI Companies or with third parties.

Your Personal Information Outside the UNIFI Companies

We do not sell or share your information with outside marketers. However, we may share your information outside of the UNIFI Companies for the following reasons:

- Service Providers. We may share information about you with service providers. Service providers are unrelated companies who perform business transactions for us. We require service providers to keep your information confidential. We prohibit them from using your information for their own purposes or re-disclosing it to anyone. Disclosures to service providers are a part of our business operations. You may not opt-out of these disclosures.
- Required by Law. Sometimes the law *requires us* to share customer information such as in response to a valid summons, court order, search warrant or subpoena. We must comply with the law and therefore you may not opt-out of these disclosures.
- Agents and Brokers. We may share your information with your agent or broker so that they may provide you with efficient and superior service. Your agents and brokers understand the importance of your privacy and they are required by law to maintain your privacy and safeguard your information. We require our agents and brokers to follow our policies in order to keep your personal information private and secure. You may not opt-out of these disclosures.

YOUR RIGHTS

You have the right to receive a copy of this Notice at least once each year while you are our customer. This Notice is also available on our websites. You may request an additional copy by writing, e-mailing or calling the UNIFI Companies' Privacy Office as indicated at the end of this Notice.

You have the right to review the information that we have about you. You must make this request in writing and include your full name, address and policy or account number. We may charge you a reasonable fee for the copies you request.

You have the right to request that we make corrections to the information that we maintain about you if you believe that our records are incorrect. All requests must be in writing.

WE SAFEGUARD YOUR PERSONAL INFORMATION

We maintain physical and electronic safeguards for the protection of your personal information. We restrict access of your information to our employees and agents who need it to perform their jobs. Our employees and agents understand the importance of these safeguards. We have trained them in the proper handling of your personal information.

FORMER CUSTOMERS' PERSONAL INFORMATION

The policies and practices described in this Notice apply equally to current and former customers. When you are no longer a customer, we will maintain your information for the period of time required by law and then it is destroyed. As a former customer, however, you will not receive our annual Privacy Notice.

OUR PRIVACY POLICIES

This Privacy Notice summarizes the Official Privacy Policy of Ameritas Investment Corp., which became effective on January 1, 2006. We are required by law to send you our Privacy Notice at least once each year. This Notice complies with all applicable laws and regulations. If your State's privacy law requires more restrictive practices than those described in this Notice, we will apply the more restrictive practices to your information. We may make changes to our Privacy Policies from time to time. However, if we make a change that impacts the accuracy of the sharing practices that are explained in this Notice, we will provide you with a revised Privacy Notice within thirty days.

You may contact us at:

UNIFI Companies

Privacy Office

P.O. Box 81889

Lincoln, NE 68501-1889

1-888-284-7844

privacy@ameritas.com

ADDENDUM G

OSJ BOOKS AND RECORDS

1. Monthly Transaction Blotter
2. Individual Client Files
3. Outgoing Correspondence File
4. Incoming Correspondence File
5. Office Complaint File
6. Advertising File
7. Do-Not-Call-Fax-Email File
8. Letterhead/Business Card File
9. Exception Report File
10. Signature Guarantee Stamp Log & File
11. Non-Registered Personnel File
12. Office Inspection File
13. Outgoing Correspondence Log

The most recent version of the forms listed in Addendum G can be found on the tools4you.com web-site under the heading "Forms, Compliance."

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MONTHLY TRANSACTION BLOTTER

WHAT

Form AIC 16 Rev. 6/05

The Monthly Transaction Blotter is required to be maintained by each registered representative on a daily basis recording all securities transactions including applications for variable life, variable annuity policies and checks/physical securities received in the office.

Each RR will be responsible for creating, maintaining and submitting his/her separate Monthly Transaction Blotter to their field OSJ/Supervising Principal.

MONTHLY

By the 1st of the month, the registered representative (or the RR in charge of the Branch Office) should review the Monthly Transaction Blotter, initial it and a copy should be sent to the Supervising Principal of the OSJ. The Supervising Principal is responsible for reviewing all Transaction Blotters for business transacted through the OSJ. The OSJ must send copies of all Monthly Transaction Blotters to the Compliance Department of AIC. Reports received after the close of business on the 15th will be considered late and the rep may be charged a fine.

FILE RETENTION

A file containing a monthly report for each month in the year is required to be maintained in the OSJ and branch offices by either the OSJ principal or Branch RR in Charge. Each January 1, a new folder must be started for the current year. Folders must be retained in the OSJ and individual registered representative's detached branch office for a six year period.

FILING INSTRUCTIONS

A copy of this memo should be kept in your Monthly Transaction Blotter File.

For sample of this form see Forms, Compliance forms, AIC 16 Monthly Transaction Blotter on www.tools4you.com**.**

INDIVIDUAL CLIENT FILES

WHAT

OSJ Client Files - The OSJ is required to maintain an individual client file for each policyholder or investor who has transacted securities business through the OSJ.

Branch Office Client Files - Each individual policyholder or investor should have a separate client file. This file should contain ***only*** items relating to securities. If the individual also has a traditional policy, there should be a separate client file for the traditional insurance products. You should not commingle securities transaction files with traditional insurance products.

WHAT SHOULD THEY CONTAIN

Individual Client Files, at a minimum, should contain the following:

- New Account Form
- Suitability Information
- Copy of vendor application(s), when applicable
- Copy of check for first premium / investment
- *Confirmation statements
- *Copies of Quarterly & Annual Statements
- Copies of securities related correspondence
- All other documents required to open an account (Trust Documents, IRA Adoption Agreement etc.)

It is necessary to retain the confirmation statements since neither the quarterly statements nor the semi-annual or annual reports capture the same detail.

Quarterly and annual statements and confirms can be maintained in a separate file for all clients, filed alphabetically and organized in a chronological manner. Electronic storage and retention of statements and confirmations is acceptable if all retention requirements are met.

FILE RETENTION

Client files must be maintained for six years following the time an individual closes his/her account, including the most recent three years statements and confirmations.

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OUTGOING CORRESPONDENCE FILE & LOG

WHAT

Each Office of Supervisory Jurisdiction (OSJ), Branch Office and each registered representative is required to maintain an ***Outgoing Correspondence File*** folder for pre approved solicitation correspondence and post reviewed administrative correspondence.

Each piece of solicitation correspondence involving variable life, variable annuities, mutual funds or other securities must be approved by a Designated Principal of AIC. An approved copy must be kept in the Correspondence File. The approved copy must carry the initials of the approving principal plus the date of approval. A copy of the correspondence should also be placed in the individual client files (The OSJ, Branch Office client file and the agent client file).

HOW TO SUBMIT FOR REVIEW

All correspondence must be submitted ***on the exact letterhead*** that will be used for the letter. This is to determine that the broker/dealer and registered representative are properly identified. Each piece of correspondence requiring review should be FAXED to Ameritas Investment Corp. Compliance Department at 402-325-4212 or 877-433-6375 or the designated OSJ field principal.

APPROVAL PROCESS

Solicitation correspondence should be submitted to either the OSJ or the Home Office Compliance Department for review. Either an approved copy with the initials of the reviewing principal and approval date will be FAXED back to the submitting office ***or*** a request for revision will be returned by FAX. If a revision is requested, it should be submitted again by FAX and the above process will be repeated until an approved copy is obtained.

INTERNET E-MAIL

Ameritas Investment Corp. provides RRs with the opportunity to correspond with current and prospective securities clients via e-mail through a specially designed e-mail server. AdvisorMail was contracted for this purpose. RR's can communicate securities business using the e-mail address that is monitored through AdvisorMail (i.e. @aicinvest.com or AdvisorMail registered domain name). This e-mail is supervised by the AIC Compliance for regulatory issues. All e-mails transmitted through this server are archived for the required retention period.

If RR's receive a securities-related e-mail in their personal account, simply forward it to their AdvisorMail account and respond accordingly.

OUTGOING CORRESPONDENCE LOG

In addition to the above, each Office of Supervisory Jurisdiction (OSJ) and branch office are required to maintain a file and log containing copies of all administrative outgoing correspondence requiring post approval. These logs along with copies of the letters are to be submitted to the OSJ Principal or AIC Home Office on a monthly basis for review and approval.

FILE RETENTION

There must be a Correspondence File for each calendar year. A file containing the Outgoing Correspondence Log and actual correspondence is required to be maintained with the office Books & Records files for a minimum of three years.

ACC001111
FILE #8451

INCOMING CORRESPONDENCE FILE

WHAT

AIC 229 Rev. 7/05

The Incoming Correspondence File is required to be maintained by each registered representative who does not work out of an Office of Supervisory Jurisdiction (OSJ).
Personal incoming securities and variable life/annuity correspondence (junk mail, advertisements, mail sent to you by Ameritas, reply cards with basic information are excluded) must be recorded on the Incoming Correspondence Log daily as it is received. Photocopies of the correspondence must be taken and on the last working day of the month, all branch offices and registered representatives will send their Log and photocopies to the OSJ Supervising Principal or the Home Office.

OSJs will be responsible for maintaining monthly Incoming Correspondence Files and Incoming Correspondence Logs for the OSJ as well as all RR branch offices for which the OSJ is responsible.

WHEN

On the last working day of the month, all branch offices and registered representatives must send photocopies of incoming correspondence and the Incoming Correspondence Log to their Supervising OSJ. The RR or the RR in charge of the Branch Office should review the log, initial it, and a copy should be sent to the supervising Principal of the OSJ and the Compliance Department of AIC, no later than the 15th of the following month. Reports received after close of business on the 15th will be considered late and the rep will be charged a fine per occurrence.

FILE RETENTION

Incoming Correspondence Files and Log must be retained for a period of three years by the OSJ, branch office, and detached registered representative.

FILING INSTRUCTIONS

A copy of this memo should be kept in your Incoming Correspondence File.

ACC001112
FILE #8451

OFFICE COMPLAINT FILE

WHAT

A ***Complaint File Folder*** is required to be maintained in the OSJ, any Branch Offices and in each registered representative's detached office. This file should contain copies of correspondence received regarding any consumer complaint.

The file will show when the complaint was received, the type of complaint, what type of security is involved, and the name and address of the complainant. As additional correspondence develops, a copy should be added to the material already in the complaint file and the complaint summary in the lower half of the form should be updated. If the complaint was initially received by the registered representative, photocopy the complaint for the file and immediately send the original to the AIC Compliance Department. If the complaint was received initially in the home office, copies of the correspondence will be sent to the OSJ, Branch Office or registered representative.

If sent to the OSJ or Branch Office, copies should be made for the Complaint Folder and copies should be forwarded to the registered representative. Upon receipt, a complaint file should be established. As additional correspondence is received, it should be added to the established file in the complaint folder and the Summary of Complaint Section of the Complaint Log should be updated.

The ***Complaint File Folder*** is a separate file in addition to the individual Client File. All complaint correspondence should also be filed in the individual Client File located in the OSJ, Branch Office and in the registered representative's office.

FILE RETENTION

The Complaint Folder should be maintained by calendar year and retained in the OSJ, Branch Office and registered representative's files for a period of six years.

FILING INSTRUCTIONS

A copy of this memo should be kept in your Complaint Folder.

ACC001113
FILE #8451

ADVERTISING FILE

WHAT

CD 270 Rev. 7/05

Each Office of Supervisory Jurisdiction (OSJ), Branch Office and registered representative of AIC not physically working out of an OSJ is required to maintain an ***Advertising File*** for approved advertising. All advertising and sales literature not created and published by AIC, ALIC, UCL or another UNIFI Company must be submitted to the AIC Compliance Department for review prior to use.

The Submission Form for each piece of advertising or sales literature should carry the following information:

- Initials of approving AIC Principal
- Date of approval
- Where advertisement was/is being used
- Date advertisement was used

Advertisements promoting investment company products (mutual funds, variable life, variable annuities) will need review by FINRA Advertising Regulation in Washington, D.C. This process takes several weeks and has a minimum charge of $100 so it is wise to plan ahead and give the AIC Compliance Department a call when planning such material.

FORM LETTERS

Any form letter (a solicitation letter being sent to ***two or more*** individuals) involving variable life, variable annuities or mutual funds must be submitted to FINRA for review prior to being used. This process costs a minimum of $100 and can take up to 8-12 weeks. If it is necessary to create a separate letter and submit it to FINRA, please call the AIC Compliance Department to discuss the submission and the timing required. It is strongly recommended that you do not create your own form letters but use an existing pre-approved letter

FILE RETENTION

There should be an ***Advertising File*** for each calendar year. Advertising File folders must be retained for three years.

FILING INSTRUCTIONS

A copy of this memo should be kept in your Advertising File Folder.

ACC001114
FILE #8451

DO-NOT-CALL-FAX-EMAIL FILE

WHAT

Federal guidelines prohibit that cold calls to prospects made before 8:00 a.m. or after 9:00 p.m. at the called prospect's location. The prospect must be supplied with ***(1) the name of the individual making the call, (2) the name of the company being represented and (3) the telephone number and address of the caller.*** In addition, if the prospect requests that no further calls, faxes or emails be made, a record of that request must be kept and forwarded to the Compliance Department of Ameritas Investment Corp. where a centralized listing will be maintained.

Each OSJ, Branch Office and Registered Representative is required to maintain a record of individuals who have requested to be placed on the ***Do - Not –Call-Fax-Email Listing.***

FILE RETENTION

The Do-Not-Call-Fax-Email listing must be maintained on a cumulative basis in the OSJ, branch office and registered representatives files.

FILING INSTRUCTIONS

A copy of this memo should be kept in your Do-Not-Call Listing folder.

ACC001115
FILE #8451

LETTERHEAD / BUSINESS CARD FILE

WHAT

There are very specific requirements for the information that can appear on letterhead and business cards. In addition, there are specific requirements for the manner in which the information is shown. Broker/Dealer - Letterhead and business cards must clearly identify the name and address of the FINRA member Broker/Dealer. If a non-member entity is also shown on the letterhead or business card, there must be a clear delineation of the products offered by each entity and the relationship of the registered representative to both the FINRA member Broker/Dealer and the non-member firm must be clear.
Established standards exist for the creation of letterhead stationery and business cards.

The following titles may not be used:

- Investment Advisor
- Investment Counselor
- Investment Manager
- Investment Planner
- Money Manager
- Financial Counselor
- Financial Planner

Where a registered representative is an Investment Adviser Representative of Ameritas Investment Corp., the title of Financial Consultant may be used ***but only on Ameritas Investment Corp. letterhead and business cards.*** Each OSJ and Branch Office is required to maintain a ***Letterhead / Business Card*** folder with copies of the letterhead and business card for each registered representative who works out of the branch office.
All letterhead and business card formats must be approved by the Compliance Department of Ameritas Investment Corp. In addition to the OSJ and Branch Office files, a final copy of all letterhead and business cards must be maintained in the files of AIC.

ACC001116
FILE #8451

EXCEPTION REPORT FILE

WHAT

Each Office of Supervisory Jurisdiction (OSJ) is required to maintain files of Exception Reports. These reports must be reviewed and signed-off by the Designated Supervising Principal (Principal). A Compliance Administrator conducts an overview of the Exception Report process. Various transactions identified on the reports are selected for follow-up review with the corresponding registered representative(s). The overview is designed to monitor the Principals to ensure adequate review and investigation of the reports with the registered reps. under their jurisdiction.

From this overview, a Compliance Administrator prepares a Monthly Summary Report for AIC's CEO, Chief Compliance Officer, Vice Presidents of Sales Support and the heads of each distribution line. The Summary contains: 1) details of the number of Principals receiving reports including the number of accounts reflected on the reports; 2) identifies Principals not responding to the reports within the stated time frame; 3) identifies increases and/or decreases in the number of transactions appearing on the reports; and, 4) describes a specific action plan(s) to address any trends and/or problems identified from the overview.

WHEN

Exception Reports are generated on a monthly basis, normally around the 20th of the following month, and distributed to each respective Principal with a cover memo, which includes a completion due date. Principals generally have three (3) weeks in which to conduct a review, perform investigation and sign-off as evidence of supervisory review.
If the reports are not received by the stated due date via fax or mail, a reminder call is made to those Principals and a notation of such is included in the Monthly Summary Report.

FILE RETENTION

Exception reports must be maintained on a calendar-year basis and retained by the OSJ for a period of three years ensuring that the most recent two years is readily accessible on site. Then every January 1, new files should be prepared for the current calendar year.

FILING INSTRUCTIONS

A copy of this memo should be kept in your Exception Report File.

For detailed information regarding each of the exception reports, see Addendum H in this manual.

ACC001117
FILE #8451

SIGNATURE GUARANTEE STAMP LOG & FILE

WHAT

FORM AIC 93 Rev 11/01

The Signature Stamp Log form must be maintained by each registered representative that has been issued a stamp under the STAMP Guarantee Program. The Logs line item must be completed in it's entirety when guaranteeing a document for a client. In addition, copies of the documents that were guaranteed need to be attached to the log and filed appropriately.

FILE RETENTION

A file containing the Log and copies of guaranteed documents needs to be maintained with the offices' Books & Records files. This file needs to be kept for the life of the stamp. Upon a representative's termination from AIC, the Stamp, Log and copies need to be returned to AIC.

FILING INSTRUCTIONS

A copy of this memo should be kept in your Signature Guarantee Stamp Log file.

ACC001118
FILE #8451

NON-REGISTERED PERSONNEL FILE

WHAT

Each Office of Supervisory Jurisdiction (OSJ) is required to maintain a file of non-registered personnel. All non-registered individuals in your office who have access to mail, securities or handle checks must be fingerprinted and those cards must be sent to the Licensing Department for processing. FINRA will notify Licensing of any criminal matters that come back from the background check; a Registered Principal in the Licensing Department will report those findings to you in written format. In the event the non-registered person terminates their employment with your office you must also notify the Licensing Department so the related fingerprint card on file can be terminated.

This file should consist of the fingerprint card and reports provided to you by the Licensing Department containing results of the FBI search.

FILE RETENTION

This information concerning non-registered fingerprint staff must be kept by your office for a period of no less than 3 years after each staff person's termination date per SEC rule 17f-2.

FILING INSTRUCTIONS

A copy of this memo should be kept in your Non-Registered Personnel File.

OFFICE INSPECTION FILE

WHAT

Each Office of Supervisory Jurisdiction (OSJ) is required to maintain a file, containing the written office inspection report(s) of Branch Office(s) for which the OSJ is responsible. All Branch Offices reporting to the OSJ will be inspected every two years. A copy of the Branch Inspection module can be obtained by contacting the Compliance Department.

FILE RETENTION

A file containing the Branch Office Inspection Report is required to be maintained with the office Books & Records files. The written report is required to be kept on file for a minimum of three years.

FILING INSTRUCTIONS

A copy of this memo should be kept in your Office Inspection File.

****For a copy of the Branch Office Inspection module please contact the Compliance Department directly. This form is <u>NOT</u> located on tools4you.com website.**

ADDENDUM H

EXCEPTION REPORTS FILE

The following Exception Reports are generated on a monthly basis and distributed to Designated Principals for review.

H-2. 1035 Exchange Report
H-3. Active Account Report
H-4. Multiple Mutual Fund Purchase Report
H-5. Switch Report
H-6. Redemption Report
H-7. Breakpoint Report
H-8. Class B Share Report

The purpose of the Exception Reports is to flag activity that warrants additional review. Simply because a transaction appears on the Report does not necessarily mean that it is inappropriate. It means that the circumstances of the transaction go beyond the normal established review standards. Further review by an AIC Designated General Securities Principal is necessary to determine the appropriateness of the transaction(s). The Exception Reports require your review, investigation with RRs, as applicable, and sign-off. Principals should make notations of the results of their investigation on the face of each report. Whenever possible, copies of any supplemental required documentation, such as Acknowledgement of Investment Product Change (Switch Letters), Mutual Fund Share Disclosures, Penny Stock Disclosures, etc. signed by the client, RR and Principal should be included.

Please note that *each item* on the exception report *must be initialed* to evidence supervisory review. In addition, a signed copy of each report must be returned to the Compliance Department by the stated deadline as required.

To assist you in your review, a summary of each report including the criteria used to generate the transactions on the report, the purpose of each report and the expected action to be taken follows this guide.

Even though you do not supervise individual transactions as they occur, you are responsible for the overall supervision of RRs under your jurisdiction. As a result, it is your responsibility to monitor the Exception Reports each month in accordance with the instructions within Addendum H.

1035 EXCHANGE REPORT

Criteria: This report identifies 1035 Exchanges on ALIC variable and other non-proprietary vendors' variable products.

Purpose: To identify 1035 exchanges on ALIC policies, or commissions received on a 1035 exchange from an outside variable company which would require a switch letter to be on file. This report will also assist in determining any significant trends regarding 1035 exchanges.

Action: The Supervising Principal should review each item on the report and make certain that a switch letter was received on the transaction. If it is discovered that a switch letter is not on file, it must be obtained immediately. It is AIC's policy that a switch letter accompany the vendor application or AIC-12 since the supervising principal does need to review the activity for suitability and determine if it is in the best interest of the client. The supervising principal should make inquiries of RRs of any unusual or recurring situations, resolve any non-comforming activities and document these actions. This could include memos of telephone conversations with the RR, copies of correspondence to or from the RR, copies of correspondence to or from the RR or a simple notation and initial on the exception report. **In any case, however, the principal must initial each exception report indicating their review and acknowledgment of such report.**

ACTIVE ACCOUNT REPORT

Criteria: This report identifies accounts that have generated $1,500 or more in gross commissions OR have had 10 or more transactions in the past 30 days.

Purpose: The purpose of this report is to identify accounts with a high degree of activity. The focus should be to uncover patterns of questionable trading practices such as excessive trading, day trading, discretionary trading and churning. The activity should also be reviewed to the extent with which the supervising principal is comfortable of solicitation of investments. For example, the purchase of one particular stock or mutual fund in several different accounts could lead the supervising principal to ask if the investment is suitable for all the clients involved.

Action: The supervising principal should make inquiries of RRs of any unusual situations, resolve any non-conforming activities and document these actions. This documentation could include memos of telephone conversations with the RRs, copies of correspondence to or from the RR or a simple notation and initial on the exception report. **In any case, however, the principal must initial each exception report affirming their review and acknowledgement of such report.**

MULTIPLE MUTUAL FUND PURCHASE REPORT

Criteria: This report reflects purchase activity within accounts executing purchases within more than one mutual fund family.

Purpose: This report is used to help identify possible patterns of breakpoint sales, letter of intent and rights of accumulation abuse.

Action: The review of transaction activity of accounts reflected on this report should involve analysis for any patterns that would circumvent the use of a letter of intent and breakpoint sales features of a fund family. Focus should be on purchases of funds with similar objectives in different fund families and purchase amounts just under breakpoint values. The supervising principal should make inquiries of RRs of any unusual situations, resolve any non-conforming activities and document these actions. This documentation could include memos of telephone conversations with the registered rep, copies of correspondence to or from the rep or a simple notation and initial on the exception report. **In any case, however, the principal must initial each exception report affirming their review and acknowledgement of such report.**

ACC001124
FILE #8451

SWITCH REPORT

Criteria: The criteria for this report is both a liquidation and a purchase in the amount of $2,500 or more within different equity mutual funds, annuity or insurance companies over the prior 60-day period.

Purpose: The purpose of the report is to identify accounts with activity that may require completion of a switch letter (Acknowledgement of Investment Product Change form AIC-297). AIC's policy requires a switch letter whenever the source of funds to purchase mutual fund shares, variable annuity or variable life insurance is derived from other mutual funds, variable annuity or variable life insurance product, regardless of the length of time the investment has been held. The client, RR and the supervising principal must all sign the switch letter. The Switch Report is a tool to also use to identify mutual fund transactions that may have been eligible for possible reinstatement privileges but were not used.

Action: The supervising principal should review each item on the report and determine if a switch letter is needed. If a switch letter is needed, the supervising principal should verify that a fully executed letter was completed in good order and is on file. This would include signatures of the client, RR and supervising principal. An explanation of the reason(s) for the liquidation of the prior investment and subsequent purchase of the new investment is needed. If a switch letter deficiency is identified, it must be immediately obtained. It is AIC's policy that a switch letter accompany the vendor application and/or AIC-12 since the supervising principal must review the activity for suitability in order to determine that the transaction(s) is in the best interest of the client. If it is determined that for any reason a switch letter is not needed for certain transactions reflected on the report, that reason should also be documented on it. **In any case, however, the principal must initial each exception report affirming their review and acknowledgement of such report.**

ACC001125
FILE #8451

REDEMPTION REPORT

Criteria: This report identifies individual or serial redemptions of $25,000 or greater.

Purpose: This report identifies possible patterns that may be an indication of churning or circumvention of the switch letter policy. It should also be used to monitor for the liquidation of securities products to fund equity indexed annuity purchases.

Action: The supervising principal should make inquires into the activity if patterns develop or large redemptions recur. This report can be used in conjunction with the Active Account Report and Monthly Transaction Blotters to determine the possibility of churning or circumvention of the switch letter policy. When the supervising principal determines that securities redemptions were executed to fund EIA purchases, they should verify that fully executed Acknowledgement of Securities Liquidation to Purchase an Indexed Annuity form (AIC-523) was completed in good order and is on file. The supervising principal should make inquiries to the RR of any unusual situations, resolve any non-conforming activities and document these actions. This could include memos of telephone conversations with the RR, copies of correspondence to or from the RR or a simple notation and initial on the exception report. **In any case, however, the principal must initial each exception report indicating their review and acknowledgment of such report.**

BREAKPOINT REPORT

Criteria: The criteria for this report is the greatest mutual fund purchase amount, the total dollars invested in a fund (greater than $50,000) and the next breakpoint level for activity over the prior 13-month period. The initial transactions executed within that time frame will be reflected for the entire 13-month period regardless of whether or not subsequent purchases are executed.

Purpose: The report is used to identify possible breakpoint sales abuse.

Action: The purchase amount, represented by the Max Investment Amount, and "Total Invested" amount shown on the report should be reviewed for individual or patterns of breakpoint sales abuse. The issue being that a client may benefit from a reduced sales charge by executing a letter of intent or by allocating assets to take advantage of a breakpoint. The supervising principal should make inquiries to the RR of any unusual situations, resolve any non-conforming activities and document these actions. This documentation could include memos of telephone conversations with the RR, copies of correspondence to or from the RR or a simple notation and initials on the report. **In any case, however, the principal must initial each exception report affirming their review and acknowledgement of such report.**

CLASS B SHARE REPORT

Criteria: This report identifies individual or serial purchases of class B shares in amount of $50,000 or more.

Purpose: This report is used to flag large purchases or patterns of large purchases of class B shares. The concern is whether clients are being advised of contingent deferred sales charges, structured deferral time period and higher expense ratios associated with class B shares. And also, whether clients are being advised of the advantage of reduced sales charges and lower internal expenses for a like investment in class A shares.

Action: In accordance with AIC's B Share policy, RRs must complete the Mutual Fund Share Disclosure form AIC-320 for aggregated household purchases of $50,000 or more. RRs are PROHIBITED from causing a client's aggregated household holdings to reach or exceed $100,000 in B shares of all fund families. If a Mutual Fund Share Disclosure form is needed, the supervising principal should verify that a fully executed form was completed in good order and is on file. This would include signatures of the client, RR and supervising principal. If a Disclosure form deficiency is identified, it must be immediately obtained. The supervising principal should make inquiries to the RR of any unusual situations, resolve any non-conforming activities and document these actions. This documentation could include memos of telephone conversations with the RR, copies of correspondence to or from the RR or a simple notation and initial on the exception report. **In any case, however, the principal must initial each exception report affirming their review and acknowledgement of such report.**

ACC001128
FILE #8451

Addendum I

Recruiting and Registered Representatives Hiring and Maintenance Standards

The Broker/Dealer will not accept candidates for registration if any of the following disciplinary events, circumstances, or involvement are present:

1. Felony Convictions of any nature within prior 10 years (including any Nolo Contendre and/or expungement involving felonies);

2. Felony Convictions (including any Nolo Contendere and/or expungement involving felonies) involving the following at any time:
   - Purchase or sales of any security
   - Breach of trust
   - The taking of a false oath
   - The making of a false report
   - Bribery, perjury, burglary, larceny, theft, robbery, extortion
   - Forgery
   - Counterfeiting
   - Fraudulent concealment, fraudulent conversion
   - Embezzlement
   - Misappropriation of funds or securities
   - A conspiracy to commit any of these offenses

3. Misdemeanor convictions including but not limited to:
   - Purchase or sales of any security
   - Breach of trust
   - The taking of a false oath
   - The making of a false report
   - Bribery, perjury, burglary, larceny, theft, robbery, extortion
   - Forgery
   - Counterfeiting
   - Fraudulent concealment, fraudulent conversion
   - Embezzlement
   - Misappropriation of funds or securities
   - A conspiracy to commit any of these offenses

4. Outstanding Tax Liens directly resulting from any form of tax evasion or failure to report income (Tax liens resulting from medical, divorce or family emergency must show evidence of a payment plan in place);

5. The Broker/Dealer will not rely solely upon the presence of a bankruptcy in its decision to not appoint a candidate. However, since candidates will be providing financial advise to the public if appointed, bankruptcies (personal and/or corporate) within the prior 3 years must be factored into the decision and it is expected that the individual's credit report shows either unchanged or improved statistical data, or that the candidate provides other evidence of improvement which is acceptable to the Broker/Dealer.

6. Outstanding customer complaints, regulatory inquiries, formal regulatory investigations, investigative referrals and any expungement (outstanding means those matters that are still active, open, and unresolved);

7. Registered representatives who have been employed by more than 3 broker/dealers within the prior 5 years unless specifically approved in writing;

8. Individuals subject to lifetime statutory disqualification;

ACC001129
FILE #8451

9. Regulatory statutory disqualification or suspension of any form unless specifically approved by the Enterprise Hiring Committee;

10. Any individual or group of individuals who, if hired, would subject the Broker/Dealer to the Taping Rule as defined in FINRA NTM 02-61. (The Taping Rile places burdens on b/d's that hire RR's who were employed by expelled firms. It requires that all telephone calls be taped for RR's who cold call if the b/d has a large number of registered persons who were previously employed by expelled firms.)

11. Individuals who may at the time of application or anytime thereafter become subject to heightened supervision (as determined by the Enterprise Hiring Committee) because of events that occurred while employed with a former broker/dealer*;

12. Individuals who at the time of application or anytime thereafter engage in any of the following outside business activities:
    a. Third party administrator (unless approved by the Chief Compliance Officer);
    b. Expert witnessing (unless specific procedures are put into place and prior written consent is given by the Chief Compliance Officer);
    c. Acting as a Wholesaler for a non-affiliated company unless specifically approved in writing by the Chief Compliance Officer;
    d. Stock promotion;
    e. Transfer agent activities;
    f. Underwriting outside the scope of their relationship with the broker/dealer;
    g. Mortgage brokering or referring of clients if clients also intend on being customers of the broker/dealer whereby funds derived from any mortgage transaction, directly or indirectly, funnel through to the broker/dealer for purposes of investment unless specifically approved in writing by the Chief Compliance Officer;
    h. Consultant to a publicly held company (in any capacity) outside the scope of the relationship with the broker/dealer;
    i. Any member of the board of directors or trustee of any registered or unregistered mutual fund, limited partnership, or other security or other pooling of assets unless such relationship is with an affiliated company;
    j. Trustee of any non-family trust;
    k. Structuring, brokering, or selling viatical, life or senior settlements; (life settlements may be approved on a case-by case basis after review by the Broker/Dealer's Due Diligence Committee and approval by the Chief Compliance Officer)
    l. Acting in any capacity outside the scope of the RR's relationship with the broker/dealer that involves custody of assets not beneficially owned by the RR (ie., in charge of paying the bills for the local church) unless approved in writing by the Chief Compliance Officer.
    m. Acting, promoting, or venturing, directly or indirectly, any business that sells or markets telephone equipment, switches, or services;
    n. Acting in any capacity in a business within the United States;
    o. Certain multi-level marketing businesses or schemes.

There may be other circumstances involving disciplinary history or activities that may preclude a candidate from joining the Broker/Dealer. Depending upon the facts and circumstances of each situation, the Chief Compliance Officer shall make the final determination after consultation with the Enterprise Hiring Committee.

*Examples of activities that may cause someone to be subject to heightened supervision may include by not be limited to the following:

- Any one or more affirmative response to any disciplinary question on the Form U4;
- Any explanation to a response on the Form U4 that cannot be substantiated to an acceptable degree;
- Patterns of customer complaints;
- Patterns of failure to follow instructions or inability or willingness to answer questions during the pre-hire period;
- Any U5 termination for cause;
- Any post hire investigation by a regulatory authority.

ACC001131
FILE #8451

ADDENDUM J

Ameritas Investment Corp.
Anti-Money Laundering (AML) Program:
Compliance and Supervisory Procedures

June 13, 2006

This supersedes the AIC AML Program established in April 2002 as amended May 2002; March, September and December 2003; and January, May and December 2004.

1. Firm Policy

It is the policy of the Firm to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities. The Firm will establish such policies and procedures reasonably necessary to detect, deter and prevent violations of money laundering rules and regulations established by governmental agencies or self-regulatory organizations.

Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the unlawful proceeds appear to have derived from legitimate origins or constitute legitimate assets. Generally, money laundering occurs in three stages. Cash first enters the financial system at the "placement" stage, where the cash generated from criminal activities is converted into monetary instruments, such as money orders or traveler's checks, or deposited into accounts at financial institutions. At the "layering" stage, the funds are transferred or moved into other accounts or other financial institutions to further separate the money from its criminal origin. At the "integration" stage, the funds are reintroduced into the economy and used to purchase legitimate assets or to fund other criminal activities or legitimate businesses. Terrorist financing may not involve the proceeds of criminal conduct, but rather an attempt to conceal the origin or intended use of the funds, which will later be used for criminal purposes.

2. AML Compliance Officer Designation and Duties

The Firm designates Raymond Gilbertson as its Anti-Money Laundering Program Compliance Officer, with full responsibility for the Firm's AML program. Raymond Gilbertson is qualified by experience, knowledge and training, including Broker/Dealer compliance duties, knowledge of Treasury, FINRA and BSA rules and regulations and field work with Registered Representatives as well as being an attorney. The duties of the AML Compliance Officer will include monitoring the Firm's AML compliance, overseeing communication and training for employees, and working closely with AIC personnel in operations, compliance and supervision. The AML Compliance Officer will also ensure that proper AML records are kept. When warranted, the AML Compliance Officer, in consultation with the President of AIC and the AIC Compliance Officer, will ensure Suspicious Activity Reports (SARs) are filed. The AML Compliance Officer will also be the AML contact person for outside organizations, such as FINRA, SEC and U.S. Treasury. The AIC Compliance Officer will, each calendar quarter, review and update if necessary, the information regarding its AML Compliance Officer. If an update is necessary, the AIC Compliance Officer will update the information on the FINRA Contact System within 17 business days after the end of the calendar quarter.

3. Giving AML Information to Federal Law Enforcement Agencies and Other Financial Institutions

a. FinCEN Requests Under PATRIOT Act Section 314

Under Treasury's final regulations (published in the Federal Register on September 26, 2002), the AML Compliance Officer will respond to a Financial Crimes Enforcement Network (FinCEN) request about accounts or transactions by immediately searching the Firm's records, at its head office or at one of its branches operating in the United States, to determine whether the Firm maintains or has maintained any account for, or has engaged in any transaction with, each individual, entity, or organization named in FinCEN's request. The Firm has designated the AML Compliance Officer to be the point of contact regarding the request and to receive similar requests in the future. Unless otherwise stated in FinCEN's request, the Firm is required to search current accounts, accounts maintained by a named suspect during the preceding 12 months, and transactions conducted by or on behalf of or with a named subject during the preceding six months. If the Firm finds a match, the AML Compliance officer will report it to FinCEN by completing FinCEN's subject information form to FinCEN by electronic mail at sys314a@fincen.treas.gov . If the search parameters differ from those mentioned above (for example, if FinCEN requests longer periods of time or limits the search to a geographic location), the Firm will limit its search accordingly. The AML Compliance Officer will direct any questions the Firm has about the request to the requesting Federal law enforcement agency as designated in the 314(a) request. FinCEN's Financial Institutions Hotline is (866)-556-3974.

If the Firm searches its records and does not uncover a matching account or transaction, then the AML Compliance Officer will not reply to a 314(a) request.

The Firm will not disclose the fact that FinCEN has requested or obtained information from it, except to the extent necessary to comply with the information request. The Firm will maintain procedures to protect the security and confidentiality of requests from FinCEN, such as those established to satisfy the requirements of Section 501 of the Gramm-Leach-Bliley Act.

Unless otherwise stated in the information request, the Firm will not be required to treat the information request as continuing in nature, and will not be required to treat the request as a list for purposes of the customer identification and verification requirements. The Firm will not use information provided to FinCEN for any purpose other than (1) to report to FinCEN as required under Section 314 of the PATRIOT Act; (2) to determine whether to establish or maintain an account, or to engage in a transaction; or (3) to assist the Firm in complying with any requirement of Section 314 of the PATRIOT Act.

a. Sharing Information With Other Financial Institutions

The AML Compliance Officer will share information about those suspected of terrorism and money laundering with other financial institutions certified with FinCEN to share information for the purpose of identifying and reporting activities that may involve terrorist acts or money laundering activities. The AML Compliance Officer will file with FinCEN an initial certification before any sharing occurs and annual certifications afterwards. The AML Compliance Officer will use the certification form found at www.fincen.gov. The AML Compliance Officer will employ strict procedures both to ensure that only relevant information is shared, and to protect the security and confidentiality of this information, including segregating it from the Firm's other books and records and maintaining such information in a separate location in a secure environment.

The AML Compliance Officer will also share information about particular suspicious transactions with the Firm's clearing brokers for purposes of determining whether one of the firms will file a SAR. When the AML Compliance Officer files a SAR for a transaction that has been handled both by the Firm and one of its clearing brokers the AML Compliance Officer 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 the AML Compliance Officer filed a SAR concerning the clearing broker or one of its employees.

4. **Checking the Office of Foreign Assets Control ("OFAC") List**

Within 5 days of opening an account, and on an ongoing basis, the Vice-President of Operations will check to ensure that a customer does not appear on Treasury's OFAC "Specifically Designated Nationals and Blocked Persons" List (SDN List) (See the OFAC website at www.ustreas.gov/offices/enforcement/ofac/sdn), and is not from, or engaging in transactions with people or entities from, embargoed countries and regions listed on the OFAC website. Because the OFAC website is updated frequently, the Vice-President of Operations will consult the list on a regular basis and subscribe to receive updates when they occur. The Vice-President of Operations may access these lists through various software programs to ensure speed and accuracy. The Vice-President of Operations will also review existing accounts against these lists when they are updated, and will document the review.

In the event that Vice-President of Operations determines 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, the AML Compliance Officer and the Vice-President of Operations will reject the transaction and/or block the customer's assets. Within 10 days of a blocked or rejected transaction, the AML Compliance Officer will file a blocked assets and/or rejected transaction form with OFAC and will also call the OFAC Hotline at 1-800-540-6322.

5. Customer Identification and Verification

The AML Compliance Officer has established, documented, and maintained a written Customer Identification Program (or CIP). Pursuant to the CIP, the Vice-President of Operations and/or the Registered Representative will, at a minimum: (1) verify, to the extent reasonable and practicable, the identity of any customer seeking to open an account; (2) maintain records of information used to verify a customer's identity; and (3) check that a customer does not appear on government terrorist lists, such as the list on Treasury's Office of Foreign Assets Control (OFAC) website. In addition to the information the Registered Representative must collect under FINRA Rules 2110 (Standards of Commercial Honor and Principles of Trade), 2310 (Recommendations to Customers -Suitability), and 3110 (Books and Records), and SEC Rule 17a-3(a)(9) (Beneficial Ownership regarding Cash and Margin Accounts), the Vice-President of Operations and/or Registered Representative will collect the following information before opening different types of accounts, including but not limited to cash, margin, stock loan, prime brokerage or repo accounts and sale of mutual fund shares or variable life/annuities, as set forth below.

a. Risk-Based Information On Various Account Types and Verification

The Vice-President of Operations and the Registered Representative will verify customer identity through documentary and non-documentary evidence. Based on the risk, and to the extent reasonable and practicable, the Vice-President of Operations will ensure that there is a reasonable belief that the Firm knows the true identity of its customers by using risk-based procedures to verify and document the accuracy of the information obtained about the Firm's customers. In verifying customer identity, the Vice-President of Operations, the Registered Representative (as needed), and the AML Compliance Officer (when necessary), will analyze any logical inconsistencies in the client information.

For any person, entity or organization who is opening a new account, the Registered Representative will, at a minimum, collect the information set forth in the subparagraphs to this paragraph. The Registered Representative will make every effort to have photocopies of the identifying information forwarded with the account opening documents. The Registered Representative recognizes that some documents are resistant to being copied and some circumstances may exist when copying such documents is not feasible. In those instances, the Registered Representative collecting the identifying information must see the documentation and accurately record the information, including the type of document and expiration date of the document.

The Vice-President of Operations will verify the information at the time new accounts are opened, if possible, but in most situations no later than five business days after opening. However, the Firm recognizes that there may be situations where even a five-day delay will be too long. Depending on the nature of the account and requested transactions, the Firm may refuse to complete a transaction before the Vice-President of Operations has verified the information, or in some instances when more time is needed, the Firm may restrict the types of transactions or dollar amount of transactions pending verification. The Vice-President of Operations will document the verification, including all identifying information provided by a customer, the methods used and results of verification, and the

resolution of any discrepancy in the identifying information. The Vice-President of Operations will maintain those records for five years after the account has been closed or the customer's trading authority over the account has ended.

If the account holder lacks legal capacity (e.g. minor or entity that is not a "legal person" such as a club or civic organization), then the Firm will verity the information of the individual(s) opening the account and/or individual(s) who will have authority over the account.

(1) Individual Accounts – U.S. Citizens Residing Within the U.S. – The Registered Representative will collect the customer's: (i) name; (ii) mailing and residential (or principal place of business) street address; (iii) date of birth; (iv) unexpired driver's license, passport, or other government identification showing nationality, residence, and photograph or other biometric safeguard; and (v) Social Security number or taxpayer identification number (including U.S. tax forms) or confirmation that the customer has filed to obtain a taxpayer identification number before opening the account, and that the customer has received the taxpayer identification number within a reasonable period of time after the account is opened. Occasionally, circumstances may present where, on a case-by-case basis, the Vice-President of Operations may grant an exception to the 5.a.1.iv so long as the Vice-President of Operations uses reasonable non-documentary means to verify the customer's identify.

Verification of customer identity through the use of non-documentary evidence that verifies the customer's name and social security number is mandatory. Additional non-documentary evidence must be used in the following situations: (1) when the customer is unable to present an unexpired identification card with a photograph or other biometric safeguard; (2) when the documents the customer presents for identification verification are unfamiliar to the Firm; (3) when the customer and Firm do not have face-to-face contact; and (4) when there are other circumstances that increase the risk that the Firm will be unable to verify the true identity of the customer through documentary means. Under these circumstances, the Vice-President of Operations will use the following non-documentary methods of verifying identity:

- Contact the customer after the account has been opened (although customer contact cannot be a sole means for verification);
- Obtain financial statements from the customer;
- Compare information obtained from the customer against databases, such as Accurint, Equifax, Experion, Lexis/Nexis, or other in-house or custom databases;
- Compare information obtained from the customer with information available from a trusted third-party source (such as other financial institutions subject to AML rules);
- Check references with other financial institutions; and
- Any other non-documentary means deemed appropriate by the Anti-Money Laundering Compliance Officer.

(2) Individual Accounts – Non–U.S. Citizens Legally Residing Within the U.S. – The Registered Representative will collect the customer's: (i) name; (ii) mailing and

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residential (or principal place of business) street address; (iii) date of birth; and (iv) tax identification number or an alien identification card number or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or other biometric safeguard.

Note: If a Non-U.S. Citizen has valid U.S. identification and taxpayer identification follow the requirements set forth in 5.a.1 above.

Non-documentary evidence must be used in the following situations: (1) when the customer is unable to present an unexpired identification card with a photograph or other biometric safeguard; (2) when the documents the customer presents for identification verification are unfamiliar to the Firm; (3) when the customer and the Registered Representative do not have face-to-face contact; and/or (4) when there are other circumstances that increase the risk that the Firm will be unable to verify the true identity of the customer through documentary means. Under these circumstances, the Vice-President of Operations will use the following non-documentary methods of verifying identity:

- Contact the customer after the account has been opened (although customer contact cannot be the sole means for verification);
- Obtain financial statements from the customer;
- Compare information obtained from the customer against databases, such as Accurint, Equifax, Experion, Lexis/Nexis, or other in-house or custom databases;
- Compare information obtained from customer with information available from a trusted third-party source (such as other financial institutions subject to AML rules);
- Check references with other financial institutions; and
- Any other non-documentary means deemed appropriate by the Anti-Money Laundering Compliance Officer.

(3) Individual Accounts – Non-U.S. Citizens Residing Outside the U.S. –The Firm does not currently open accounts for non-resident aliens. Should the Firm policy ever change and allow such accounts, the Vice-President of Operations and/or the Registered Representative, will record a current passport number or other valid government identification number for transfers or transmittals of $3,000 or more.

(4) Domestic Operating or Commercial Entities - The Registered Representative will collect information sufficient to determine the corporate or business entity's identity, and the authority of its business representative to act on its behalf. This will include tax identification number (where available), applicable legal documents, and principal place of business, local office or other physical location. "Applicable legal documents" include certified Articles of Incorporation, documents establishing a Partnership, corporate resolution, un-expired government issued business license, city, state or federal tax returns, or a legal opinion. The Registered Representative will also obtain information about the individual(s) with authority or control over the account.

(5) Domestic Trusts - The Registered Representative will verify the identity of a legal trust, the authority of the trust's representative to act on its behalf, and the activity the

trust authorizes by obtaining copies of the applicable trust documents and trust or trustee tax identification numbers, and principal place of business, local office or other physical location.

(6) Foreign and Offshore Entities – The Firm currently does not open accounts for Foreign or Offshore Entities. Through the use of the Firm's individual and commercial entity account opening procedures, the Vice-President of Operations will identify those persons or entities who are foreign or located offshore and refuse to open accounts for those account applicants.

(7) Institutional Accounts, Hedge Funds, Investment Funds and Other Intermediary Relationships -While the AML procedures cover institutional clients, the Firm recognizes that certain types of institutional accounts are different from retail accounts. Institutional accounts often are opened for financially sophisticated customers who trade frequently, in volume, and usually through an intermediary, some of whose AML policies and procedures are sufficient and verifiable. When dealing with an institutional client, the Vice-President of Operations and/or the AML Compliance Officer will consider whether the institutional client has an AML program and the quality of that program, the length and nature of the Firm's experience with the institution, and the history of the institution. In addition, in determining whether it is necessary to identify the investors of non-U.S. institutions, the AML Compliance Officer will consider the regulation of the institution by its home country and whether the institution is located in a bank secrecy haven or a non-cooperative country. (See Sections 6 below for special procedures governing correspondent accounts for foreign shell banks and other foreign financial institutions).

(8) High Risk and Non-Cooperative Jurisdictions – The Firm does not open accounts for applicants in foreign countries. The Vice-President of Operations and the Registered Representative will especially scrutinize accounts to ensure that the account owner is not located in a foreign country. In the event the Firm should change its policy regarding opening accounts in foreign countries, the Vice-President of Operations will especially scrutinize accounts for which the owner lives in a country that appears to be a problematic country. The Vice-President of Operations will check the lists and accompanying narrative information of the to determine problematic countries, and will factor this information into the Firm's decisions on whether to open or maintain accounts that are based in these jurisdictions:

- Financial Action Task Force (FATF) [http://www1.oecd.org/fatf/NCCT_en.htm]
- FinCEN [http://www.treas.gov/fincen/pub_main.html], and
- "Major Money Laundering Countries" section of the "Money Laundering and Financial Crimes" part of the U.S. Department of State's annual International Narcotics Control Strategy Report [http://www.state.gov/g/in1/rls/nrcrpt/2001/c6085.htm]

(9) Senior Foreign Government/Public Officials – The Vice-President of Operations will only open and maintain a "private banking" account for senior foreign government/public officials who meet the conditions of paragraph 5.a.2 above. If the conditions are met, the Vice-President of Operations and the Registered Representatives' due diligence will include, at least: (i) ascertaining and verifying the identity of all nominal holders and

holders of any beneficial ownership interest in the account (including information on those holders' lines of business and sources of wealth); (ii) ascertaining the source of funds deposited into the account; (iii) ascertaining whether any such holder may be a senior foreign political figure; and (iv) detecting and reporting, in accordance with applicable law and regulation, any known or suspected money laundering and/or use of the proceeds of foreign corruption.

The Vice-President of Operations and the Registered Representative will review public information, including information available in Internet databases, to determine whether any "private banking" account holders are "senior foreign political figures." If the Vice-President of Operations or the Registered Representative discovers information indicating that a particular "private banking" account holder may be a "senior foreign political figure," and upon taking additional reasonable steps to confirm this information, the Vice-President of Operations and the AML Compliance Officer determine that the individual is, in fact, a "senior foreign political figure," the Vice-President of Operations will conduct additional enhanced due diligence to detect and report transactions that may involve money laundering or the proceeds of foreign corruption.

In so doing, the Vice-President of Operations will consider the risks that the funds in the account may be the proceeds of foreign corruption, including the purpose and use of the private banking account, location of the account holder(s), source of funds in the account, type of transactions conducted through the account, and jurisdictions involved in such transactions. The degree of scrutiny the Vice-President of Operations will apply will depend on various risk factors, including, but not limited to, whether the jurisdiction the "senior foreign political figure" is from is one in which current or former political figures have been implicated in corruption and the length of time that a former political figure was in office. The Vice President of Operations' enhanced due diligence might include, depending on the risk factors, probing the account holder's employment history, scrutinizing the account holder's sources of funds, and monitoring transactions to the extent necessary to detect and report proceeds of foreign corruption, and reviewing monies coming from government, government controlled, or government enterprise accounts (beyond salary amounts).

If the Vice-President of Operations does not find information indicating that a "private banking" account holder is a "senior foreign political figure," and the account holder states that he or she is not a "senior foreign political figure," then additional enhanced due diligence is not required.

In either case, if due diligence (or the required enhanced due diligence, if the account holder is a "senior foreign political figure") cannot be performed adequately, the Vice-President of Operations will, after consultation with the firm's AML Compliance Officer as appropriate, not open the account, suspend the transaction activity, close the account, and/or recommend that the AML Compliance Officer file a SAR.

Note: A "private banking" account is an account (or any combination of accounts) that requires a minimum aggregate deposit of $1,000,000, is established for one or more individuals, and is assigned to or administered or managed by, in whole or in part, an officer, employee, or agent of a financial institution acting as a liaison between the financial institution and the direct or beneficial owner of the account.

A "senior foreign political figure" includes a current or former senior official in the executive, legislative, administrative, military or judicial branches of a foreign government (whether elected or not), a senior official of a major foreign political party, or a senior executive of a foreign government-owned commercial enterprise; a corporation, business, or other entity formed by or for the benefit of any such individual; an immediate family member of such an individual; or any individual publicly known (or actually known by the firm) to be a close personal or professional associate of such an individual.

b. Customers 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, the Firm will not open a new account until efforts have been made to obtain the necessary information from other sources. This could include personal knowledge of the applicant, sources available as public information or information available from private reporting agencies such as Equifax or Experian. After considering the risks involved, the Firm will either open the account or consider refusing to open a new account or closing any existing account. In either case, the AML Compliance Officer will be notified so that the AML Compliance Officer can determine whether the Firm should report the situation to FinCEN.

c. Lack of Verification

When the Vice-President of Operations and/or the Registered Representative cannot form a reasonable belief that they know the true identity of a customer, the Vice-President of Operations will do the following: (A) not open an account and forward the information to the AML Compliance Officer to file a SAR-SF in accordance with applicable law and regulation; (B) impose terms under which a customer may conduct transactions while the Vice-President of Operations and/or the Registered Representative attempt to verify the customer's identity; and/or (C) close an account after attempts to verify customer's identity fail; and forward the information to the AML Compliance Officer to file a SAR-SF in accordance with applicable law and regulation.

d. Record Keeping

The Vice-President of Operations and/or the Registered Representative will document The Firm's verification, including all identifying information provided by a customer, the methods used and results of verification, and the resolution of any discrepancy in the identifying information. The Vice-President of Operations and/or the Registered Representative will keep records containing a description of any document that they relied on to verify a customer's identity, noting the type of document, any identification number contained in the document, the place of issuance, and if any, the date of issuance and expiration date. With respect to non-documentary verification, the Vice-President of Operations will retain documents that describe the methods and the results of any measures the Vice-President of Operations took to verify the identity of a customer. The Vice-President of Operations will maintain records of all identification information for five years after the account has been closed. The Vice-President of Operations will retain documentation demonstrating independent verification of the customer's identity for five years after the record is made (e.g. Accurint searches).

e. Notice to Customers

The Firm will provide notice to customers that it is requesting information from them to verify their identities, as required by federal law. Each year a notice will be provided by mail to each customer as an attachment to the Firm's Privacy Notice. Copies will be made available to each Registered Representative of the Firm to be handed to walk-in customers. The New Account Form (AIC-12) provides the notice to each customer at the time the New Account Form is completed. For customers opening an account by mail, the notice is included either as a separate form, or as an attachment to the New Account Form (AIC-12).

c. Additional Inquiries

The Firm recognizes its obligations under suitability and fair dealing requirements to collect customer identification information. Depending on the nature of the account, when opening an account the Registered Representative will: (i) inquire about the source of the customer's assets and income so the Vice-President of Operations and/or the Registered Representative can determine if the inflow and outflow of money and securities is consistent with the customer's financial status; and, (ii) gain an understanding of what the customer's likely trading patterns will be, so that any deviations from the patterns can be detected later on.

The Registered Representative will make reasonable efforts to obtain the customer's net worth (or liquid net worth), annual income, occupation and employment data, such as the customer's profession, and the customer's investment experience and objectives. The Registered Representative will also make every reasonable effort to collect information as to the source of the client funds being used to open the account. If it is a joint account for two individuals, the Registered Representative will collect the information for both individuals.

6. Foreign Correspondent Accounts and Foreign Shell Banks

a. Detecting and Closing Correspondent Accounts of Unregulated Foreign Shell Banks

The Firm does not open or maintain accounts with Foreign Shell Banks or have foreign correspondent accounts. The Firm will use its standard procedures to detect any such accounts that may have inadvertently been opened. This will include a complete review of all accounts weekly when the OFAC and other government lists are compared with new and existing accounts. Upon finding or suspecting such accounts, Firm employees will notify the AML Compliance Officer, who will instruct the Vice-President of Operations to terminate any verified correspondent account in the United States for an unregulated foreign shell bank. The Vice-President of Operations and/or the Registered Representative will also terminate any correspondent account that the Vice-President of Operations and/or the Registered Representative has determined is not maintained by an unregulated foreign shell bank but is being used to provide services to such a shell bank. The Vice-President of Operations and/or the Registered Representative will exercise caution regarding liquidating positions in such accounts and take reasonable steps to ensure that no new positions are established in these accounts during the termination period. In the event that the Firm begins opening or maintaining accounts for Foreign Shell Banks or foreign correspondent accounts, the Vice-President of Operations will terminate any correspondent account for which the information regarding the shell banks, as described in Appendix A of the regulations, has not been obtained within the time periods specified in those regulations.

b. Mandatory Enhanced Due Diligence

The Firm does not open or maintain accounts for foreign financial institutions. The Firm will ensure that through examination of new and existing accounts by means of electronic software and manual review that no foreign financial institutions have accounts opened with the Firm.

c. Certifications

In the event that the Firm begins opening or maintaining accounts for foreign financial institutions, the Vice-President of Operations will require foreign bank account holders to complete model certifications issued by the Treasury. The Vice-President of Operations and/or the Registered Representative will send the certification forms to foreign bank account holders for completion, which requires the banks to certify that they are not shell banks and to provide ownership and agent information. The Vice-President of Operations will require the foreign bank account holders to re-certify when s/he believes that the information is no longer accurate and at least every two years.

7. Supervisory Procedures for Opening Accounts

The new account opening procedure is modified to collect and use information on the account holder's annual income, net worth, anticipated transaction activity, and sources of

income to detect and deter possible money laundering and terrorist financing. The sales supervisor's review will be documented and reviewed. This review will include checking against a list of the types of information required for each type of account and documenting why any account is opened absent that information.

8. Monitoring Accounts For Suspicious Activity

The Vice-President of Operations and Supervising Principals will monitor through the automated means of reports received from the clearing brokers for business that is placed with the clearing brokers. Business sent directly to Mutual Fund companies will be monitored by the Registered Representatives and Supervising Principals through the review of client statements; and by the Fund companies through the use of their monitoring system. The AML Compliance Officer will work with the Fund companies to investigate possible suspicious activity when so informed by the Fund company and, when required, will work with the Fund company to file a Suspicious Activity Report (SAR). The clearing brokers' AML Exception Reports are reviewed by the Brokerage Operations Cashiers, the Brokerage Operations Managers, and the Brokerage Specialists. Variable Life and Annuity transactions will be monitored by the variable Trade Desk for trading patterns. In addition, the Customer Service Representatives and Brokerage Operations Cashiers will be alert for unusual deposit, withdrawal or surrender activity to determine if the transaction(s) lacks financial sense, or is suspicious because it is an unusual strategy for that customer. The AIC Compliance Officer will create employee guidelines with examples of suspicious money laundering activity. The AML Compliance Officer will conduct an appropriate investigation before a SAR is filed.

a. Emergency Notification to the Government by Telephone

When conducting due diligence or opening an account, the AML Compliance Officer 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, the Vice-President of Operations has reason to believe the customer is trying to move illicit cash out of the government's reach, or the Vice-President of Operations has reason to believe the customer is about to use the funds to further an act of terrorism. The contact numbers the AML Compliance Officer will use are Financial Institutions Hotline (1-866-556-3974), local U.S. Attorney's Office (437-5241), local FBI Office, Lincoln (402-476-6393), Omaha, (402-493-8688), and Regional SEC Office (303-844-1000).

b. Red Flags

Red flags that signal <u>possible</u> money laundering or terrorist financing include, but are not limited to:

- The customer exhibits unusual concern about the Firm's compliance with government reporting requirements and the Firm's AML policies, particularly on 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.
- The customer wishes to engage in transactions that lack business sense or apparent investment strategy, or are inconsistent with the customer's stated business or investment strategy.
- The information provided by the customer that identifies a legitimate source for funds is false, misleading, or substantially incorrect.
- Upon request, the customer refuses to identify or fails to indicate any legitimate source for his or her funds and other assets.
- The 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.
- The customer exhibits a lack of concern regarding risks, commissions, or other transaction costs.
- The customer appears to be acting as an agent for an undisclosed principal, but declines or is reluctant, without legitimate commercial reasons, to provide information or is otherwise evasive regarding that person or entity.
- The customer has difficulty describing the nature of his or her business or lacks general knowledge of his or her industry.
- The customer attempts to make frequent or large deposits of currency, insists on dealing only in cash equivalents, or asks for exemptions from the Firm's policies relating to the deposit of cash and cash equivalents.
- The customer engages in transactions involving cash or cash equivalents or other monetary instruments that appear to be structured to avoid the $10,000 government reporting requirements, especially if the cash or monetary instruments are in an amount just below reporting or recording thresholds.
- For no apparent reason, the customer has multiple accounts under a single name or multiple names, with a large number of inter-account or third party transfers.
- The customer is from, or has accounts in, a country identified as a non-cooperative country or territory by the Financial Asset Task Force (FATF).
- The customer's account has unexplained or sudden extensive wire activity, especially in accounts that had little or no previous activity.
- The customer's account shows numerous currency or cash equivalent (cashier's check, etc.) transactions aggregating to significant sums.
- The customer's account has a large number of wire transfers to unrelated third parties inconsistent with the customer's legitimate business purpose.
- The customer's account has wire transfers that have no apparent business purpose to or from a country identified as a money laundering risk or a bank secrecy haven.
- The customer's account indicates large or frequent wire transfers, immediately withdrawn by check or debit card without any apparent business purpose.
- The customer makes a funds 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.

- The 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 transfer of the proceeds out of the account.
- The customer engages in excessive journal entries between unrelated accounts without any apparent business purpose.
- The customer requests that a transaction be processed to avoid the Firm's normal documentation requirements.
- The customer, for no apparent reason or in conjunction with other red flags, engages in transactions involving certain types of securities, such as penny stocks, Regulation S stocks, and bearer bonds, which although legitimate, have been used in connection with fraudulent schemes and money laundering activity. (Such transactions may warrant further due diligence to ensure the legitimacy of the customer's activity.)
- The customer's account shows an unexplained high level of account activity with very low levels of securities transactions.
- The customer maintains multiple accounts, or maintains accounts in the names of family members or corporate entities, for no apparent purpose.
- The customer's account has inflows of funds or other assets well beyond the known income or resources of the customer.

c. Responding to Red Flags and Suspicious Activity

When a member of the Firm detects any red flag he or she will investigate further under the direction of the AML Compliance Officer. This may include gathering additional information internally or from third party sources, contacting the government, freezing the account, and filing a SAR.

9. Suspicious Transactions and BSA Reporting

a. Filing a SAR

The AML Compliance Officer will file Form SAR-SF for any account activity (including deposits and transfers) conducted or attempted through the Firm involving (or in the aggregate) $5,000 or more of funds or assets where the AML Compliance Officer and/or the Vice-President of Operations know, suspect, or have reason to suspect: (A) 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 or to avoid any transaction reporting requirement under federal law or regulation, (B) the transaction is designed, whether through structuring or otherwise, to evade the requirements of the BSA regulations, (C) 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 the AML Compliance Officer and/or the Vice-President of Operations know, after examining the background and the possible purpose of the transaction and other facts, of no reasonable explanation for the transaction, or (D) the transaction involves the use of the Firm to facilitate criminal activity.

The AML Compliance Officer will not base a decision on whether to file a SAR-SF solely on whether the transaction falls above a set threshold. The AML Compliance Officer will file a SAR-SF and notify law enforcement of all transactions that raise an identifiable suspicion of criminal, terrorist, or corrupt activities. In high-risk situations, the AML Compliance Officer will notify the government immediately and will file a SAR-SF with FinCEN. Securities law violations that are reported to the SEC or a Self-Regulatory Organization (SRO) may also be reported promptly to the local U.S. Attorney, as appropriate.

The AML Compliance Officer will not file a SAR-SF to report violations of Federal securities laws or SRO rules by the Firm's employees or Registered Representatives that do not involve money laundering or terrorism, but the AIC Compliance Officer will report them to the SEC or SRO.

All SAR-SFs will be periodically reported to the Board of Directors and senior management, with a clear reminder of the need to maintain the confidentially of the SAR-SF.

The AML Compliance Officer will report suspicious transactions by completing a SAR-SF and the AML Compliance Officer will collect and maintain supporting documentation as required by the BSA regulations. The AML Compliance Officer will file a SAR-SF no later than 30 calendar days after the date of the initial detection of the facts that constitute a basis for filing a SAR-SF. If no suspect is identified on the date of initial detection, the AML Compliance Officer may delay filing the SAR-SF for an additional 30 calendar days pending identification of a suspect, but in no case, will the reporting be delayed more than 60 calendar days after the date of initial detection.

The AML Compliance Officer will retain copies of any SAR-SF filed and the original or business record equivalent of any supporting documentation for five years from the date of filing the SAR-SF. The AML Compliance Officer will identify and maintain supporting documentation and make such information available to FinCEN, any other appropriate law enforcement agencies, or federal or state securities regulators, upon request.

The Firm will not notify any person involved in the transaction that the transaction has been reported, except as permitted by the BSA regulations. The Firm understands that anyone who is subpoenaed or required to disclose a SAR-SF or the information contained in the SAR-SF, except where disclosure is requested by FinCEN or the SEC or another appropriate law enforcement or regulatory agency or an SRO registered with the SEC, will decline to produce to the SAR-SF or to provide any information that would disclose that a SAR-SF was prepared or filed. The AML Compliance Officer will notify FinCEN of any such request and the Firm's response.

b. Currency Transaction Reports (CTR)

The Firm prohibits the receipt of currency and certain cash equivalencies such as Money Orders and Travelers Checks and has the following procedures to prevent its receipt: each supervising principal of the Firm reviews the opening of each new account to determine the method of payment received with the account. In addition, each cashier associated with receiving funds for the Firm reviews the form of payment received as a double check. If the Vice-President of Operations discovers currency has been received, the AML Compliance Officer will file with FinCEN a CTR for transactions involving currency that exceed $10,000. Multiple transactions will be treated as a single transaction if they total more than $10,000 during any single business day. The AML Compliance Officer will use the designated FinCEN CTR form.

c. Currency and Monetary Instrument Transportation Reports (CMIR)

The Firm prohibits the receipt of currency including Money Orders and Travelers Checks and has the procedures described in the previous subsection to prevent its receipt. The Firm's Treasury Department will file with the Commissioner of Customs a CMIR if the Vice-President of Operations discovers the Firm has, by a means other than the United States Postal Service: (A) transported, mailed, shipped or received currency of more than $10,000 at one time (on one calendar day or, if for the purposed of evading the reporting requirements, on one or more days) in or out of the U.S.; or, (B) caused, attempted to transport, mailed, shipped or received currency of more than $10,000 at one time (on one calendar day or, if for the purposed of evading the reporting requirements, on one or more days) in or out of the U.S. The CMIR filing requirements include shipments or transports to or from a Firm office located outside the U.S. The AML Compliance Officer will use the designated FinCEN CMIR form.

Upon notification of receipt by the Vice-President of Operations, the Firm's Treasury Department will follow the CMIR procedures above for monetary instruments that are in bearer form; endorsed without restriction; made out to a fictitious payee, or otherwise in such form that title passes upon delivery; incomplete negotiable instruments that are signed but with the payee's name omitted; and securities or stock in bearer form or otherwise in such form that title passes upon delivery. In addition to currency, monetary instruments include all negotiable instruments (including personal and business checks, official bank checks, cashier's checks, third-party checks, and promissory notes.

d. Foreign Bank and Financial Accounts Reports (FBAR)

The Firm does not open or maintain financial accounts in foreign countries. In the event the Vice-President of Operations discovers that the Firm holds an account or has signature authority over an account of more than $10,000 in a foreign country, the AML Compliance Officer will file with FinCEN an FBAR for the applicable account. The AML Compliance Officer will use the designated FinCEN FBAR form located at [http://www.fincen.gov/forms/f9022-1_fbar.pdf].

e. Transfers of $3,000 or more Under the Joint and Travel Rule

When the Firm transfers funds of $3,000 or more, the Vice-President of Operations will record on the transmittal order at least the following information: (i) the name and address of the transmitter and recipient, (ii) the amount of the transmittal order, (iii) the identity of the recipient's financial institution, and (iv) the account number of the recipient. The Firm will not accept third-party checks nor will it prepare and transmit third-party checks. The Vice-President of Operations will also verify the identity of transmitters and recipients who are not established customers of the Firm (i.e., customers who have not previously maintained an account with the Firm, or for whom the Firm has not obtained and maintained a file with the customer's name, address, taxpayer identification number, or, if none, alien identification number or passport number and country of issuance). The Vice-President of Operations or Brokerage Operations Manager receives and reviews the wire reports from the clearing broker to check for such items.

10. AML Record Keeping

a. SAR Maintenance and Confidentiality

The Firm will hold SARs and any supporting documentation confidential. The Firm will not inform anyone outside of a law enforcement or regulatory agency or securities regulator or a parent company's AML Officer if deemed necessary about a SAR. The Firm will deny any subpoena requests for SARs or SAR information and immediately tell FinCEN of any such subpoena received by the Firm. The AML Compliance Officer will segregate SAR filings and copies of supporting documentation from other firm books and records to avoid disclosing SAR filings. The AML Compliance Officer will handle all subpoenas or other requests for SARs. The AML Compliance Officer will maintain SAR filings in a secure retention area. The AML Compliance Officer may share information with the clearing broker about suspicious transactions for determining when a SAR should be filed. As mentioned earlier, the AML Compliance Officer 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 the AML Compliance Officer files a SAR concerning the clearing broker or its employees. The Firm's AML Compliance Officer may also share with a parent company's AML officer, as amended 00/00/000 in accordance with FinCEN Guidance dated January 20, 2006, a copy of a filed SAR as outlined in the SAR Information Sharing Confidentiality Agreement. (attached as Addendum 1)

b. Responsibility for AML Records and SAR Filing

The AML Compliance Officer and his or her designee will be responsible for ensuring that AML records are maintained properly and that SARs are filed as required.

c. Records Required

As part of the AML program, the Firm will create and maintain SARs, CTRs, CMIRs, FBARs, 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. The AML Compliance Officer will maintain SAR filings 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 SEC rules that require six-year retention.

11. Clearing/Introducing Firm Relationships

The Vice-President of Operations will work closely with the clearing brokers to detect money laundering. The Vice President of Operations will exchange information, records, data and exception reports as necessary to comply with AML laws. Both organizations will keep (and update) the necessary annual certification for such information sharing. As a general matter, the Firm has agreed with its clearing brokers that the clearing brokers will monitor customer activity on behalf of the Firm, and the Firm will provide the clearing brokers with proper customer identification information, as required, to successfully monitor customer transactions. The Firm has set out these responsibilities in its clearing agreement under FINRA Rule 3230. The Firm understands that the agreement will not relieve either it or the clearing firms from their independent obligations to comply with AML laws, except as specifically allowed under the PATRIOT Act and its implementing regulations. The Firm has allocated these functions and set them forth in a written document. The Firm understands that the allocation of functions will not relieve either of the parties from their independent obligation to comply with AML laws, except as specifically allowed under the PATRIOT Act and its implementing regulations.

12. Training Programs

The AIC Compliance Officer will develop ongoing employee training under the leadership of the AML Compliance Officer and senior management. Training will occur on at least an annual basis. It will be based on the Firm's size, its customer base, and its resources.

Training will include, at a minimum: (i) how to identify red flags and signs of money laundering that arise during the course of the employees' duties; (ii) what to do once the risk is identified; (iii) what employees' roles are in the Firm's compliance efforts and how to perform them; (iv) the Firm's record retention policy and the disciplinary consequences (including civil and criminal penalties) for non-compliance with the PATRIOT Act.

The AIC Compliance Officer will develop training, or contract for it. Delivery of the training may include educational pamphlets, videos, intranet systems, in-person lectures, and explanatory memos. Currently, AML training is part of the Firm's Firm Element Training program purchased from an outside vendor. This program includes all of the elements necessary to comply with the PATRIOT Act AML requirements. From time-to-time, the Firm may purchase different programs from outside vendors, may develop internal training programs or a combination of both. In any event, each program will incorporate those elements necessary to insure all employees are cognizant of AML procedures. The AIC Compliance Officer will maintain records to show the persons trained, the dates, and the subject matter of their training.

The AML Compliance Officer will review operations to see if certain employees, such as those in compliance, margin, and corporate security, require specialized additional training. Written procedures will be updated to reflect any such changes.

13. Program to Test AML Program

a. Staffing

Testing of the AML program will be performed by Bisys Professional Services, an independent third party, or similar auditor. Independent auditor qualifications will include: full knowledge of Broker/Dealer operations, qualified personnel in the area of FINRA, SEC, BSA and PATRIOT Act requirements to detect and monitor AML activities.

b. Evaluation and Reporting

AML testing will be completed at least annually. After testing is completed, staff will report its findings to senior management and the Internal Audit Committee. The Vice-President of Operations, the AML Compliance Officer and the AIC Compliance Officer will address each of the resulting recommendations.

14. Monitoring Employee Conduct and Accounts

The Vice-President of Operations will subject employee accounts to the same AML procedures as customer accounts, under the supervision of the AML Compliance Officer. Executive management will also review the AML performance of supervisors, as part of their annual performance review. Maria Sherffius, the AIC Chief Compliance Officer, will review the AML Compliance Officer's accounts.

15. Confidential Reporting of AML Non-Compliance

Employees will report any violations of the Firm's AML compliance program to the AML Compliance Officer, unless the violations implicate the Compliance Officer, in which case the employee shall report to the President of AIC. Such reports will be confidential, and the employee will suffer no retaliation for making them.

16. Additional Areas of Risk

The Firm has reviewed all areas of its business to identify potential money laundering risks that may not be covered in the procedures described above. Currently the AML Compliance Officer finds no additional areas of risk.

17. Senior Manager Approval

Approve the Firm's AML program by signing below.

I have approved this AML program as reasonably designed to achieve and monitor the Firm's ongoing compliance with the requirements of the BSA and the implementing regulations under it.

Signed: _____
Title: _____
Date: _____

:

ADDENDUM K

SECURITIES ACTIVITIES IN A BANK BRANCH OFFICE

Proper Identification of Registered Representatives

When selling investment products, registered representatives must hold THEMSELVES out as a representative of AIC and in no manner or form indicate that they are offering such products as agent or employee of the bank.

Disclosure to Clients

Each retail customer will execute a disclosure document indicating that the ir understanding that the investment products sold:

Are not insured by FDIC.
Are not deposits or other obligations of the financial institution and are not guaranteed by the financial institution.
Are subject to investment risks, including possible loss of principal invested.

Copies of these written acknowledgments will be retained in the customer's file.

The Designated Principal will ensure that these disclosures are made by registered representatives orally during sales presentations, when investment advice concerning non-deposit investment products are provided and prior to or at the time an account is opened. The Designated Principal will review the disclosure prior to approving any transaction.

Separation of Records

The Company will ensure that all books and records are maintained separate and distinct from those of the banks and are not co-mingled in any manner.

Adequate Training of Registered Representatives

On a periodic basis, but not less than annually, the Company will provide formal training programs for its registered representatives including product training and training for compliance with the Interagency Statement where applicable and other applicable rules and regulations. Additionally, the Company's principals will regularly discuss compliance issues, product training, and banking customer protection regulations in sales meetings or other agendas.

Prohibited Activities of Bank Employees

Bank employees that are not registered with AIC may only refer customers to a properly licensed AIC representative. Non-registered personnel of a financial institution may not discuss specific investments or the results of such investments,

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recommend investments, accept or transact orders nor accept checks or securities on behalf of the Company.

Separation of Activities

In the event that securities activities are not conducted away from deposit taking areas, the Company will attempt to ensure that the client's are aware of the separate and distinct nature of the sale of non-deposit investment products, the Designated Principal shall:

Where possible, ensure that the desk utilized to conduct the sale of non-deposit investment products by the Registered Representative is not also being utilized to conduct banking business, nor contains any bank deposit product marketing literature.

Ensure that the area prominently displays signage of the Company and the required product disclosures. Separation may be accomplished by use of partitions, plants or other physical signs.

Ensure that registered representatives do not accept or make investment recommendations or accept orders (general or specific) while located in the routine deposit taking areas.

Advertising

In addition to other compliance issues described in this manual, the Designated Principal shall review all advertising and sales literature for the following where appropriate:

That all advertising and sales literature contains all product and relationship disclosures discussed in '*Disclosure to Clients*' above. A shorter logo format may be used to disclose the appropriate disclosures provided such disclosures are displayed in a conspicuous manner. These logos are:

Not FDIC Insured.
No Bank Guarantee.
May Lose Value.

That product disclosures are made in a conspicuous manner (i.e.; on the same page as the product information and the same size print, or bolded, bulleted or boxed).

Should the bank logo or name be utilized on confirmations or statements, these documents will contain the required product and relationship disclosures.

That advertising does not confuse the customer regarding SIPC protection or FDIC insurance.

That advertising contains the Company's name or logo and only identifies the bank(s) in describing the location that the services are provided.

State Requirements

Prior to conducting sales in a financial institution, the Company will review the states' securities and/or banking regulations to ensure that there are no additional regulations applicable to the sale of securities in financial institutions.

Networking Agreement

The Company will ensure that it has a written agreement with the bank's holding company that sets forth the responsibilities of both parties and compensation arrangements.

ADDENDUM L

THE AMERITAS ACACIA COMPANIES TELEMARKETING POLICY

FINAL POLICY FOR AMERITAS ACACIA COMPANIES' COMPLIANCE WITH THE TELEPHONE CONSUMER PROTECTION ACT (TCPA)

Effective as of November 15, 2004

[*Intended to Replace the Policies and Guidelines established May 01, 2004*]

1.00 POLICY

1.05 **Scope.** The DNC rules apply to all of The Ameritas Acacia Companies, except Acacia Federal Savings Bank and Calvert Group LTD, and all of their marketing representatives, including producers, registered representatives, agents (both general or career), brokers, telemarketers and agencies.

.005 **Business Telephone Numbers.** The DNC rules are not applicable to business telephone numbers (other than home businesses), including business cellular numbers. A telephone number is considered a business telephone number if it is listed in the business directory of a telephone book, is listed as a business number on a business card or business stationary or similar type publication, or the individual provides the telephone number as their "business" or "work" telephone number.

.010 **Home Businesses.** Home businesses that use a residential line are protected by DNC laws, and subject to the requirements of Section 1.15 below.

1.10 **Training.** Prior to placing calls to residential telephone numbers, all marketing representatives must review and be familiar with these policies and procedures.

1.15 **Marketing Calls.** Telephone calls or messages to residential or customer cellular telephone numbers that are initiated for the purpose of encouraging the purchase or rental of, or investment in, property, goods, or services **must** comply with **all** the following requirements:

.005 **Internal DNC Registry**. Calls may **not** be placed to anyone whose name or telephone number appears on the Internal DNC Registry maintained by The Ameritas Acacia Companies. The Ameritas Acacia Companies must honor the customer's request even if the customer is not registered on the National DNC Registry or the applicable state DNC registry (or a supplemental registry at the line of business, division, or company level).

.010 **State Registry**. Calls may **not** be placed to any number that appears on a State registry unless the call is permitted under the applicable State laws. Marketing representatives must familiarize themselves with the DNC laws for each state to which they will be placing calls.

.020 **National DNC Registry**. Calls may **not** be placed to any residential or cellular telephone number that appears on the National DNC Registry (http://telemarketing.donotcall.gov) **unless**:

1. Within the previous eighteen (18) months, the customer has made a financial transaction or has a security position, a money balance, or account activity with The Ameritas Acacia Companies;

2. Within the previous eighteen (18) months, the customer has had an account with the producer's broker-dealer (including the clearing firm) or insurance company, as identified on a customer's account application for accounts held directly at a mutual fund or insurance company;

3. Within the preceding three (3) months, the customer has contacted us about our products or services sometime;

4. Within the preceding three (3) months, the customer has given us written permission to contact him/her;

5. The customer is a family member, friend, or acquaintance of the producer placing the telephone call. The FCC has indicated that a friend or acquaintance is someone who would expect the call, and who has a close, or, at least, firsthand relationship with the producer placing the call;

OR

6. The customer receiving the call is a broker or a dealer.

NOTE: There are **no** exceptions under the law for "referred leads" as such.

.025 **Time of Day.** Calls may only be placed after 8 a.m. and before 9 p.m. (local time for the telephone number that receives the call) unless the customer receiving the call has given prior express permission to call outside of these times, or has an established business relationship with the customer placing the call.

.030 **Identification at time of call.** Producers must provide the following information at the time of call:

1. Name of individual producer.

2. Name and address or telephone number of the broker-dealer, or agency if the producer is not a Registered Representative. Note: An 800 number is not required, but 900 and similar type numbers are prohibited.

3. Statement that the purpose of the telephone call is to solicit the purchase of securities or related service.

.035 **Records**. It is the sole responsibility of the person making a call to keep a record of all telemarketing calls, and maintain that record for a minimum of five (5) years. The records should indicate the date, time, number called, name of customer/consumer and purpose for each call.

.040 **Cross Marketing**. The customer's established business relationship with one of The Ameritas Acacia Companies **does not** extend to affiliated entities. Thus, a producer/rep may not contact a policyholder of one company to offer a product sold by an affiliated company.

1.20 Specific "Do Not Call" requests from customers or consumers. When a customer or consumer specifically requests that they not be contacted by telephone, such request must be reported to the Insurance Compliance Office. The customer's name and telephone number will be recorded on our Internal DNC Registry that must be checked prior to making any telephone calls for marketing purposes.

.005 **Broker/Dealer, Life Insurance, Annuities, Worksite and Retirement.** Immediately contact Janet Gustafson at 800.745.6665 ext. 4317 or at jgustafson@ameritas.com. The Internal DNC Registry is available at http://tools4you.com.

.010 **Group Dental and/or Vision.** Immediately contact Geri McKeown at 800-659-2223 ext. 2222 or at gmckeown@ameritas.com. Geri McKeown will be responsible for forwarding the information to Janet Gustafson.

1.25 Outsourcing. Producers who outsource their telemarketing calls must get an express written agreement from the telemarketer that the telemarketer complies with all state and federal DNC laws and regulations, and that the telemarketer will not call any number appearing on The Ameritas Acacia Companies Internal DNC Registry.

2.00 RESOURCES

2.05 Registry Compilation Service. The Ameritas Acacia Companies recommends that its producers subscribe to the PossibleNOW DNCQuickcheck service ("Quickcheck"). Quickcheck provides simultaneous verification of telephone numbers against the National and states' DNC Registries. Producers will still need to check the Internal DNC Registry at http://tools4you.com prior to placing calls.

2.10 Access to National DNC Registry. The National DNC Registry is maintained by the FTC at http://telemarketing.donotcall.gov. Producers using the National Registry must

update their records at least every three (3) months. Producers should use their own information when registering for access to the National DNC Registry.

2.15 State Information. State DNC laws and/or lists can usually be found at each state's website (e.g. www.state.il.us where "il" stands for Illinois). You may have to do a general search on the website for "do not call," "telemarketing," or "solicitation."

2.20 Future resources. The company is exploring the possibility of maintaining a comprehensive Do-Not-Call Registry on an appropriate company website. If a comprehensive registry is feasible, the company will notify producers as soon as it becomes available.

3.00 PENALTIES

Calling a customer who has listed their residential number on the National DNC Registry, even if through a referral by an existing customer, family member or friend, could result in a federal fine of up to $11,000 per call, state penalties and/or termination of the producer's license.

THE AMERITAS ACACIA COMPANIES
ADVERTISEMENT FACSIMILE (FAX) POLICY

Effective as of May 01, 2004

1.00 POLICY

1.05 **Scope.** This Policy applies to all of The Ameritas Acacia Companies and all of their marketing representatives, including producers, registered representatives, agents (both general or career), brokers, telemarketers and agencies.

1.10 Facsimiles (faxes) containing any material that advertises the commercial availability or quality of any property, goods, or services ("Advertisement Faxes") are strictly prohibited, unless the fax recipient provides express, signed written consent to receive faxes. The Form provided in this Policy must be signed and returned **before** sending any Advertisement Faxes.

.005. This Policy is applicable to both Advertisement Faxes sent to residential and business fax numbers.

.010. If express, signed written permission is received, each fax sent must clearly mark in a margin at the top or bottom of each page, or on the first page, of each transmission the following information: (i) date and time of fax; (ii) legal name of the entity sending the fax; and, (iii) telephone number of the entity or machine sending the fax.

2.00 PENALTIES

Sending an Advertisement Fax without prior express, signed written permission may result in a lawsuit against the fax sender by the fax recipient, or the attorney general of any state, for up to $1,500.00 for each unauthorized fax.

ADVERTISEMENT FAX AUTHORIZATION FORM

All fields must be completed for this Authorization to be valid.

I hereby authorize Ameritas Life Insurance Corp., Ameritas Variable Life Insurance Company, Acacia Life Insurance Company, Ameritas Investment Corp., First Ameritas Life Insurance Corp., Ameritas Investment Advisors, Inc. or The Advisors Group, Inc. and their agents/representatives to send advertisement faxes to the following facsimile (fax) number(s):

_____ - _____ _____ - _____ _____ - _____
(area code) (area code) (area code)

I understand that I may later revoke this authorization in writing.

Signed: _____ on behalf of _____
(Business Name, if applicable)

Print Name: _____ Title: _____

Date: _____, 20 _____

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THE AMERITAS ACACIA COMPANIES ELECTRONIC MAIL (E-MAIL) POLICY

Effective as of May 01, 2004

1.00 POLICY

1.05 Scope. These Electronic Mail Rules apply to all of The Ameritas Acacia Companies and all of their marketing representatives, including producers, registered representatives, agents (both general or career), brokers, telemarketers and agencies.

1.10 Marketing E-mail. E-mail that promotes: (1) any of The Ameritas Acacia Companies generally, (2) any of their products or services, **or** (3) that contain information or links directing the recipient to websites that contain information about any of the Ameritas Acacia Companies and/or any of their products **must** comply with the following:

- Be sent from an e-mail address that can, at any and all times, receive a reply e-mail from the recipient for a minimum of 30 days after the marketing e-mail is sent.
- Explain to the recipient that the recipient can reply to the e-mail and ask to "opt-out" which basically means that the recipient will be removed from all future mailing lists and will not receive any more e-mails.
- Within 10 days of the recipients request to "opt out", the recipient's e-mail address(es) must be removed from all mail requests and all marketing communications to the recipient's e-mail address must cease.
- The sender's name, physical postal address and telephone number must be included in each e-mail.
- Only accurate information must be used when registering a domain name and/or e-mail address.
- It must be verified that the sender's e-mail account does not contain any fraudulent or misleading information.
- It must be verified that the "To", "From", and "Subject" lines of all e-mail are complete and are not deceptive or misleading.
- E-mails can only be sent from a mail server that does not have an open relay or otherwise allow others to send e-mail through the mail server without permission.
- Don't use e-mail lists that were built using dictionary attacks, harvested e-mails, or randomly generated e-mail addresses.

1.20 Account Servicing E-mail. Account servicing e-mails cannot include fraudulent, anonymous (non-traceable) or misleading headers, and cannot have deceptive or misleading information in the "To", "From" or "Subject" lines. Account servicing e-mails may only be sent to:

- Complete a transaction with an applicant and/or account holder.
- Notify current customers of product updates and/or changes.
- Provide account balance and similar contract/policy information.

1.25 State Law. Producers must familiarize themselves with e-mail communication laws for any and all states in which the producer transacts or attempts to transact marketing or other business communication by e-mail.

1.30 **Broker-Dealer Registered Representatives.** In addition to the Rules stated above for Marketing and Account Servicing e-mail, Registered Representatives transacting securities business for Ameritas Investment Corp. ("AIC") are also subject to guidelines set forth in the AIC Compliance Policies and Procedures Manual regarding the Fetter Logic E-mail service (see Section 8.15.015).

2.00 PENALTIES

Sending an e-mail that does not comply with the guidelines set-forth above can result in:

- 3 years in jail for first time offenders.
- 5 years in jail for repeat offenders who also commit a felony.
- Confiscation of proceeds, computers, software, technology or equipment connected to the non-compliance e-mail(s).
- State legal action resulting in a fine of $250 per message, with no upper limit if fraudulent information is contained in the e-mail header(s).
- Civil legal action by the Internet Service Provider(s) adversely affected by the violation in the amount of $25 per e-mail, or $100 per e-mail with no upper limit if fraudulent information is contained in the e-mail header(s).

3.00 DO NOT E-MAIL REGISTRY

- The FTC is currently investigating whether it can/will create a "Do Not E-mail" Registry. Such Registry may be implemented as early as September 2004. If such a Registry is implemented, this Policy will be amended accordingly.

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