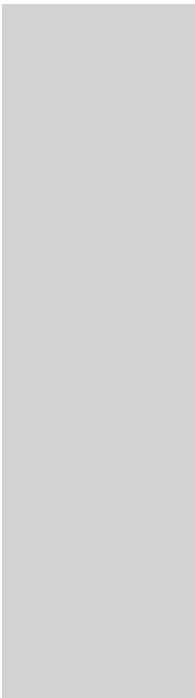




# HOW TO OPEN AN ATLAS ACCOUNT



PLEASE DO NOT DETACH THIS LABEL



## How to open an Atlas Account

June 17, 2013

Thank you for your interest in the Monex Atlas Account. Enclosed you will find the necessary documents to open your account. Please read them and then sign, complete and return the Account Agreements. You may access these Agreements on the [www.monex.com](http://www.monex.com) website and enlarge the print if desired. You may also request a copy with larger print from Monex.

# Atlas Account Agreements

Purchase and Sale Agreement; Loan, Security and Storage Agreement (Copies of these agreements may be viewed and downloaded at the Monex Internet web site: [www.monex.com](http://www.monex.com).)

### WHERE TO SIGN THE ATLAS ACCOUNT AGREEMENTS

Signature Block Agreement

- A. Purchase and Sale Agreement. Be sure to include name(s), address(es), social security number(s), telephone number(s), e-mail address(es) and indicate account type. Have all parties sign and date.
- B. Loan, Security and Storage Agreement. Have all parties sign and date.
- C. Authorization to Transfer Funds. Allows excess funds to be transferred from one account you hold with Monex Deposit Company or Monex Credit Company to another without further authorization.

To open an Atlas Account, you must sign both signature blocks A and B.

Signing these agreements in no way obligates you to do business with Monex Deposit Company or Monex Credit Company.

Return the complete Account Agreements in the business envelope provided.

Complete Account Agreements must be returned to Monex. Individual signature pages will not be accepted.

### ATTENTION

To complete these agreements each account owner must:

1. Sign and complete block A (page 17).
2. Sign block B (page 35).
3. Sign block C (page 35). Optional
4. Provide his/her/its Social Security Number or other Federal Tax ID Number.
5. Provide a complete Address.
6. Trust, Partnership, Limited Liability Company or Corporate Account - enclose completed Certification and Authorization Form.

**ONLY COMPLETE ACCOUNT DOCUMENTS WILL BE PROCESSED**

### SENDING FUNDS TO MONEX

Make checks or wires payable to Monex Deposit Company. Be sure to reference your Monex account number, the name of account holder, and your Account Representative's code on the back of the check or in the wire.

Wire to:  
Farmers and Merchants Bank  
302 Pine Avenue  
Long Beach, CA 90802  
Routing Code: 122201198  
Deposit to Account Number: 01-06944-6

Mail to:  
Monex Deposit Company  
4910 Birch Street  
Newport Beach, CA  
92660

Any deletions from, additions to or cutting or mutilation of any portion of this Agreement will render the Agreement unacceptable.



(continued on inside back cover)

M O N E X   D E P O S I T   C O M P A N Y  
M O N E X   C R E D I T   C O M P A N Y

4910 Birch Street  
Newport Beach, California  
92660



# Purchase and Sale Agreement

- 1 Parties.** This Agreement is entered into between Monex Deposit Company ("MDC") and Customer(s) ("Customer" or "you") signing below.
- 2 Purpose of Agreement.** This Agreement provides for the establishment of an account for Customer with MDC for the purchase and sale of commodities (sometimes referred to as "precious metals," "coins," "products" or "goods") and shall apply to all such transactions between Customer and MDC. Customer represents that all of Customer's transactions with MDC shall be for investment or other commercial purposes and not for any personal, family, household or other consumer purposes.
- 3 Risks and Obligations**
- 3.1 Acknowledgment of Risk. Because of the volatile nature of the commodities markets, the purchase and sale of commodities involve a high degree of risk and are not suitable for all persons.**
- 3.2 Customer Rights, Obligations and Risks. It is important that you read and understand this Agreement, particularly your rights, obligations and risks hereunder. It is also important that you seek the advice of your attorney if you do not have these understandings. By signing this Agreement, you represent that you have read and understand the Agreement and have consulted with your attorney, as necessary, to achieve such understanding.**
- 4 Transactions and Role of MDC**
- 4.1 Types of Transactions. Your transactions with MDC are commercial cash transactions, not futures, forwards or leverage contract transactions. As such, your transactions are not regulated by the Commodity Futures Trading Commission or the National Futures Association.**
- 4.2 Role of MDC. MDC acts as a principal and as such sells and buys precious metals to and from customers, dealers, merchants, and commodity brokers on its own behalf. This means that MDC is a commercial dealer buying and selling precious metals in a retail market with customers and in a wholesale market with dealers. MDC is not an exchange or brokerage house, nor does it or any of its employees act as an agent, broker or fiduciary for any of MDC's customers. MDC does not offer managed accounts. As a commercial dealer, MDC may offer different terms, prices and rates to different customers. MDC's quoted commercial prices are solely for the taking of those prices by buyers and sellers as quantities permit.**
- 5 Commodities Currently Offered by MDC.**
- 5.1 Gold Bullion (10 Oz.)** — ten troy ounces of at least .995 fine gold.
- 5.2 Gold Bullion Coins** — American 1 troy ounce, 1/2 ounce, 1/4 ounce and 1/10 ounce Eagles; American 1 troy ounce Buffalos; South African 1 troy ounce Krugerrands; Canadian 1 troy ounce, 1/2 ounce, 1/4 ounce and 1/10 ounce Maple Leafs; Austrian 1 troy ounce, 1/2 ounce, 1/4 ounce and 1/10 ounce Vienna Philharmonics. The one-ounce coins are sold in units of 10 coins. The other coins are sold in 20-coin units. There is no mixing of coins.
- 5.3 Silver Bullion** — 1,000 troy ounces of at least .999 fine silver.
- 5.4 Silver Ingots** — 100 troy ounces of .999 fine silver.
- 5.5 90% U.S. Silver Coins** — \$1,000 face value bags of U.S. silver coins of a single denomination minted prior to 1965. Each bag contains approximately 715 troy ounces of pure silver.

- 5.6 40% U.S. Silver Coins** — \$1,000 face value bags of U.S. silver Kennedy half-dollars minted from 1965 through 1970. Each bag contains approximately 295 troy ounces of pure silver.
- 5.7 Silver Bullion Coins** — American Eagle, Canadian Maple Leaf and Austrian Vienna Philharmonic one troy ounce coins. Each sold in units of 100 coins.
- 5.8 Platinum Bullion** — 10 troy ounces of at least .9995 fine platinum.
- 5.9 Platinum Bullion Coins** — American 1 troy ounce, 1/2 ounce, 1/4 ounce and 1/10 ounce Eagles; Canadian 1 troy ounce, 1/2 ounce, 1/4 ounce and 1/10 ounce Maple Leafs. The one-ounce coins are sold in units of 10 coins. The other platinum coins are sold in 20-coin units. There is no mixing of coins
- 5.10 Palladium Bullion** — 10 troy ounces of at least .999 palladium bullion.
- 5.11 Palladium Bullion Coins** — Canadian Maple Leaf 1 troy ounce coins sold in units of 10 coins.
- 5.12** Commodities may be added to or deleted from the above list by MDC at any time.
- 6 Relationship Between Coin and Bullion Prices.** MDC's prices for coins can vary significantly from its prices for bullion of an equivalent weight. When a coin price is higher than its bullion value, it is called a "premium" and when lowers, a "discount".
- 7 Terms of Purchase, Sale and Delivery.**
- 7.1 Customer Purchases. All purchases from MDC are fully paid commercial cash transactions.** At the time of verbal confirmation of a purchase, you will be advised of the full purchase amount due, which amount you must remit and/or transfer to MDC within the time specified below. If you are using funds in your Monex Credit Company ("MCC") account to pay all or part of the amount due, you authorize MDC to transfer such funds from your MCC account to MDC.
- You must send required funds to MDC within 24 hours of the transaction so that MDC receives them within 2 business days, or such shorter period as MDC may require. Your failure to timely remit such payment shall constitute a default. Upon such default, MDC will be relieved of all its obligations under the transaction and may recover from you as liquidated damages the difference between the purchase price agreed to by you and MDC's bid price for the commodities at the time of default, plus MDC's buy and sell charges (commissions). Receipt and credit by MDC of your remitted funds after this 2 day period, or shorter period as MDC may require, shall not waive or limit MDC's remedies for default. You shall not be entitled to any market gains on a transaction on which you have defaulted.
- 7.2 Customer Sales.** Upon verbal confirmation of a sale of commodities to MDC, you will be advised that you have 2 days, or such shorter period as MDC may require, to make delivery to MDC. MDC shall make full payment to you or on your behalf upon MDC's verification that it has received delivery of the commodities. Failure by you to effect delivery within the required time period shall constitute a default. Upon default, MDC will be relieved of all its obligations under the transaction and may recover from you as liquidated damages the difference between the sale price agreed to by you and MDC's ask price for the commodities at the time of default, plus MDC's buy and sell charges (commissions). Receipt of commodities from you after said 2 day period, or shorter period if required, shall not waive or limit MDC's remedies for default.
- 7.3 Delivery to Customer or on Customer's Behalf.** Upon receipt of good funds from Customer or on Customer's behalf in full payment for the purchase of commodities, MDC shall, as agreed, make actual delivery of the commodities (i) to Customer, (ii) to

Customer's appointed agent or designee, or, (iii) for the benefit of Customer to Farmers and Merchants Bank of Long Beach, California, Delaware Depository Service Company, LLC, Wilmington, DE, or such other banks or depositories used by MDC for the purpose of safekeeping Customer commodities (collectively referred to as "Bank").

Customer's purchase of commodities designated for delivery to Bank for safekeeping shall be delivered to Bank within 28 days or such lesser period as required by law, following receipt of payment in good funds from Customer. Customer may take personal possession of Customer's commodities at any time, provided such commodities are free and clear of all liens.

Customer agrees that MDC shall have made actual delivery when title to the commodities purchased by Customer passes to Customer (See Section 7.4). "Good funds" means the verified receipt of immediately available funds. (See Section 7.6)

If Customer purchases gold, silver, platinum or palladium from MDC in bullion form, as described herein, for delivery to Bank, MDC may, at its sole discretion, deliver to Bank an equivalent quantity of such metal in the form of any bullion, ingots or coins described herein, provided they are of at least equal fineness. If Customer purchases gold, silver, platinum or palladium coins, as described herein, from MDC for delivery to Bank, MDC may, at its sole discretion, deliver to Bank an equivalent quantity of such metal in the form of coins of a different denomination from the same country of origin, as described herein, provided that they are of at least equal fineness and value. If Customer subsequently requests personal possession of Customer's commodities for which an alternative form has been delivered to Bank, Customer agrees that MDC shall have the right to exchange the form of the metal delivered to Bank for that which Customer purchased, at no exchange cost to Customer.

When a customer wishes to take personal possession of a 1,000 troy ounce silver unit, MDC may deliver a bar weighing nominally 1,000 troy ounces. When a customer wishes to take personal delivery of a 10 troy ounce palladium unit, MDC may deliver bars or coins of various weights totaling 10 ounces or, for deliveries of more than one unit of palladium, include larger bars weighing nominally 100 ounces. Actual weight of the silver and larger palladium bars is plus or minus 10%. On personal delivery of bars of nominal weight, prices will be adjusted to actual weight. Any overage or underage will be priced based upon MDC's prevailing ask or bid price, respectively, for 1,000 troy ounce silver units or 10 troy ounce palladium units, as appropriate, at the time of delivery.

When taking personal possession, Customer may convert a 10 troy ounce gold bullion unit, a 1,000 troy ounce silver unit, or a 10 troy ounce platinum unit to an equivalent number of ounces of any combination of gold coin, silver coin, or platinum coin units of the same metal then being offered by MDC. Any such conversion must be to full units. When so converting bullion to coins, Customer will be charged MDC's prevailing coin premium(s) and/or credited MDC's prevailing coin discount(s) at the time delivery takes place.

**7.4 Passage of Title.** Title to commodities purchased by Customer shall pass to Customer when such commodities are designated for Customer, Customer's appointed agent or designee and actually delivered: (i) to an office of the United States Postal Service or other common carrier for shipment to Customer, or (ii) to a pickup vault facility for pick up by Customer or a packaging and shipping facility for shipment to Customer (See Section 9.2), or (iii) to Bank to be held for Customer. Commodities delivered to Bank for Customer will be delivered as an undivided share of a fungible lot and held in safekeeping on a fungible basis with the commodities of other customers. Upon actual delivery of commodities for Customer to Bank, Customer acquires title to an undivided share of the commodities so held. Title to commodities purchased by MDC from Customer shall pass to MDC upon receipt of the commodities by MDC or Bank for MDC.

**7.5 Delivery to MDC.** Customer commodities sold to MDC which are at Bank may be delivered to MDC at Bank. Customer commodities sold to MDC which are not at Bank must be delivered to MDC at MDC's direction.

**7.6 Payment.** Your payments to MDC may be made by cashier's check drawn on a commercial bank, personal check or bank wire. MDC, however, reserves the right to require that you pay only by bank wire or funds in your MCC account at time of purchase. MDC will deem your payments which are not bank wires as "hold funds" for purposes of delivery of commodities to you. MDC will continue to deem such payments as hold funds for 12 business days after it receives your payment. MDC may reduce the 12-day holding period on a check upon receipt of a written guarantee of payment from the issuing bank. You acknowledge that funds received by MDC from you will be credited to your account at 5:00 p.m., Pacific Coast Time, on the day of receipt.

**7.7 Escrow Account.** You may have your remittance for payment of a purchase of commodities deposited directly into a bank escrow account ("Escrow Account" ) and held in such account in your name until you receive title to your commodities (See Section 7.4). Such remittance must be in the form of a bank wire sent to the bank with escrow instructions as provided by your Account Representative. When placing a purchase order, you must inform your Account Representative that your payment will be wired to the bank for deposit into an Escrow Account. You acknowledge that the bank providing such escrow service may release your payment to MDC when MDC informs the bank that you have received title to your commodities. This service is available for personal deliveries and deliveries to Bank for storage on your behalf. The bank escrow charge for this service is currently \$30 per deposit, irrespective of amount. MDC reserves the right to change escrow service providers or to discontinue such service prospectively.

**8 Pricing Policies; Spreads.** MDC quotes a commercial price at which it will sell (ask price) and a commercial price at which it will buy (bid price). These commercial prices are established by MDC and change many times during a business day. MDC also publishes a reference price for each bullion product, which is the midpoint between its bid and ask prices. Such midpoint is referred to as "spot". MDC's live published bullion spot values and coin ask prices are posted on the Internet during regular business hours, which Customer can compare to current prices quoted by other commercial dealers and organizations. MDC may negotiate prices with customers that differ from its published prices.

The difference or "spread" between MDC's published bid and ask prices varies. Spreads on coin products are usually higher than on bullion. During times of high volatility in market prices, spreads can widen substantially. There are no assurances that spreads will remain within a given range. Customer may determine the prevailing percentage spread of a commodity by dividing the difference between the quoted bid and ask prices by the average of the bid and ask prices.

MDC may increase or decrease its published prices and spreads, at its sole discretion. MDC's historical published daily opening, high, low and closing bid/ask commercial prices and spreads (up to two recent years) are available for bullion products upon request by Customer.

**9 Buy/Sell Charges (Commissions), Shipping and Handling Charges and Break-Even Price.**

**9.1 Buy/Sell Charges (Commissions).** Customer will pay to MDC for each purchase or sale the prevailing commission applicable thereto or a negotiated commission. MDC's regular published commissions range between 1/2% and 2% based upon the following number of MDC units in a transaction:

Partial	1	2-4	5-9	10-19	20-49	50+
2%	1.75%	1.5%	1.25%	1.0%	.75%	.50%

**9.2 Shipping and Handling Charges.** MDC imposes shipping and handling (including fabrication) charges on certain commodities that it delivers to Customer, but does not impose such charges on deliveries made to Bank on behalf of Customer. The handling charges are currently: \$50 per unit of gold bullion, \$40 per unit of silver bullion, \$50 per ounce of platinum and \$10 per ounce of palladium bullion. There are no handling charges for coin products. The shipping charge for U.S. delivery is \$20 per shipment plus the following amounts per unit: For gold, platinum and palladium bullion and coins: \$1 per ounce of metal. For silver bullion: \$85 per 1000 ounce bar. For U.S. silver coins (90% and 40%): \$75 per bag. For other silver products: \$5 per 100 ounces. When Customer picks up commodities, only handling charges apply. Customer may exchange Customer's 1000-ounce silver bullion bar for ten 100-ounce silver bullion bars when available, at a premium as quoted by MDC at time of delivery. Shipping charges for non-U.S. deliveries are available upon Customer's request. Shipping and handling charges are subject to change.

Shipments of commodities to Customer will generally be made from a designated vault packaging and shipping facility. Customer may arrange for pick up of Customer's commodities from a MDC designated pickup vault facility. Currently such facilities are Via Mat International (USA) Inc., Ontario, California, Via Mat International (USA) Inc., Inwood, New York, and Delaware Depository Service Company, LLC, Wilmington, Delaware. Customer must satisfy all payments due relative to such commodities before appointments for pick up may be made. MDC will make all appointments and arrangements for pick up by Customer with the appropriate facility. All communications to arrange a pick up must be made with MDC and not with the vault facility.

Customer agrees that all parties deem MDC to have delivered Customer's commodities when MDC designates such commodities for Customer and releases, transfers or delivers such commodities to (i) an office of the United States Postal Service or other common carrier for shipment to Customer, (ii) a pickup vault facility for pick up by Customer, (iii) a packaging and shipping facility for shipment to Customer, or (iv) Bank to be held in safekeeping for Customer.

Customer mailing or shipping commodities to MDC bears all risk of loss or non-delivery until the shipment is received and accepted by MDC. Customer wishing to make delivery to MDC is required to give at least 3 days advance notice and make delivery to MDC's designated facility. Deliveries of commodities to MDC must be in a form acceptable to MDC and may require inspection and assay at the expense of Customer.

**9.3 Break-Even Price. When you purchase precious metals for investment, it is very important to understand and be able to determine your break-even price. The break-even price is the price that your metals must exceed in order for you to realize a profit. Basically, the break-even price is the price at which you would be able to liquidate your holdings and recoup all related costs, i.e., your purchase price, commissions, and any delivery, interest and storage/service charges. In the case of leasing a precious metal, the break-even price is the price at which you will be able to purchase the metal, so you can return it to MCC and recoup all other related costs, such as commissions and lease fees.**

To illustrate a purchase transaction, assume you purchase one unit of gold bullion (10 ounces) at an ask price of \$10,000, or \$1,000 per ounce. Your break-even would be a bid price of \$1000 per ounce, plus commissions, and, if you borrow funds, interest and service/storage charges. If you do not use borrowed funds to pay for your purchase and you take personal possession, your break-even bid price per ounce, in this example, is \$1,000 (purchase) + \$20 (commission) + \$10 (delivery), or \$1030. You

would add to this amount any additional commissions and delivery charges that may be imposed at the time you decide to sell your metal.

If you borrow funds to pay for a portion of your purchase price, the factors necessary to calculate your break-even price depend on the duration of holding time you select, because of the accrual of interest and service/storage fees. The longer the holding period you select in making your calculation, the higher the commensurate break-even price. For example, if you were to select a 6-month holding period, your related costs would include 6 months of interest and service/storage charges. To illustrate, assume you purchase one unit of gold bullion, as in the above example, but, instead, you borrow \$7,000 and remit only \$3000, plus the commission, for a total of \$3,200. With an annual interest rate of, say, 6% (0.5% per month) and a monthly service/storage fee per unit of \$3.00 (\$30 per ounce), your 6-month break-even bid price per ounce is \$1000 (purchase) + \$20 (commission) + \$21 (interest) + \$1.80 (storage), or \$1043. To this amount you would add any additional commissions that may be imposed at the time you decide to sell your metal, and a delivery charge, if you are taking personal possession.

To illustrate the break-even in a leased commodity transaction (borrowed commodity), assume you borrow one unit of gold bullion, and sell it at a bid price of \$10,000, or \$1,000 per ounce. Since lease rates can be a charge or a credit to your account, you would either add to or subtract from \$1,000 the lease rate amount, plus any related commissions. When you sell your leased commodity, you will receive the bid price, and when you purchase the commodity, you will pay the ask price. In this example, your breakeven price is an ask price of \$1,000 - commissions + or - the lease rate amount. With an annual lease charge rate of, say, 2%, your 6-month break-even ask price per ounce is \$1000 (purchase) - \$20 (commission) - \$10 (lease charge) or \$970. If the annual lease rate is, instead, a 2% credit, your break-even ask price is \$990.

In all two-way buy and sell markets there is a quoted ask price (your purchase price) and a concurrently quoted bid price (your selling price). The ask price is always higher than the bid price. The difference, or spread, between these two simultaneous quotes will vary for each product and at different times.

It is important to keep in mind that, while the spread is not a charge, your metals must rise in price (in the case of a purchase) or fall in price (in the case of a lease) to overcome the amount of the prevailing initial bid/ask spread. For example, if the purchase ask price for gold bullion is \$1,000 per ounce, as shown above, and the concurrent bid price is \$970 per ounce, the bid/asked spread would be \$30 or 3%. As such, the bid price would have to rise from \$970 to \$1,000 to overcome the bid/ask spread. You should ask your Account Representative for the concurrent bid price when contemplating a purchase or the concurrent ask price when contemplating a commodity lease and sale. As stated above, the percentage bid/ask spread prevailing at the time of purchase, or lease and sale, may differ significantly from future spreads.

**9.4 Adjustment of Charges and Spreads.** MDC reserves the right to change prospectively at its sole discretion the rate of any of its commissions, bid/ask spreads, shipping or handling fees.

**10 Customer Responsibility, Discretionary Authority and Authorized Customer Orders.**

**10.1 Customer Responsibility; Discretionary Authority. You are solely responsible for all purchasing, selling and borrowing decisions for your account. Any reliance by you upon recommendations or suggestions by a MDC representative or**

upon any written material in making a decision to enter into a transaction does not relieve you of your responsibility for that transaction and its outcome. MDC and its Account Representatives shall neither accept nor exercise any authority to direct or control purchases or sales, including the placement of limit or stop orders, in your account; provided however, this provision shall not limit in any way MDC's rights under Sections 7, 11, 12, 13 or 14 of this Agreement which you should carefully review.

**10.2 Authorized Customer Orders.** Orders placed by you must be for specified quantities of commodities at MDC's prevailing quoted price at the time your order is placed (market orders), or at specified prices for limit and stop orders. The MDC Order Desk must orally confirm with you all such orders with a tag number. MDC will not accept other types of orders.

**11 Limit and Stop Orders.** MDC will accept orders for purchases or sales of commodities to be executed at prices which are higher or lower than its prevailing quoted market prices (limit and stop orders). Unless otherwise specified, limit and stop orders will become effective upon acceptance by MDC's order desk and expire at the end of the 30th calendar day following the placement date. However, limit and stop orders may be canceled early. Limit and stop orders are only subject to execution during regular and extended MDC business hours typically between approximately 5:30 a.m. and 5:30 p.m. Pacific Coast Time, Monday through Friday.

With a buy limit order, Customer may place an order to buy a commodity from MDC at a specified price that is lower than MDC's prevailing quoted ask price for that commodity. During its term, a buy limit order will be executed at MDC's first quoted ask price for that commodity that is at or below the price specified in Customer's order. With a sell limit order, Customer may place an order to sell a commodity to MDC at a specified price that is higher than MDC's prevailing quoted bid price for that commodity. During its term, a sell limit order will be executed at MDC's first quoted bid price for that commodity that is at or above the price specified in Customer's order.

With a buy stop order, Customer may place an order to buy a commodity from MDC at a specified price that is higher than MDC's prevailing quoted ask price for that commodity. During its term, a buy stop order will be executed at MDC's first quoted ask price for that commodity that is at or above the price specified in Customer's order. With a sell stop order, Customer may place an order to sell a commodity to MDC at a specified price that is lower than MDC's prevailing quoted bid price for that commodity. During its term, a sell stop order will be executed at MDC's first quoted bid price for that commodity that is at or below the price specified in Customer's order.

Stop orders placed to attempt to limit losses will not necessarily achieve their objectives. During volatile market prices, MDC's first quoted price at which a stop order is executed may be well above the specified buy stop price, or well below the specified sell stop price.

**Only limit and stop orders which are verbally confirmed to you by MDC's order desk will be effective.** Written confirmation of such orders or their cancellation will not be issued. Open limit and stop orders in your account can be viewed online. Purchase or sell transactions resulting from execution of limit and stop orders will be confirmed in writing or electronically and must be paid for in MDC's normal required manner.

Customer may cancel a pending limit or stop order at any time during regular MDC business hours. **Only such cancellation**

**orders which are verbally confirmed to Customer by MDC's order desk will be accepted.** Limit or stop orders in effect will automatically be canceled when they are pre-empted by market orders placed by Customer, or by a forced liquidation by MCC.

Execution of limit and stop orders will be based on the prevailing published MDC unit price for the commodity for which the order is placed. Bid prices will be used for all sell orders and ask prices for all buy orders.

MDC reserves the right to refuse acceptance of a limit or stop order from Customer at any time. During times of abnormal conditions in precious metals markets, MDC may suspend the execution of pending limit and stop orders. Market conditions may extend the time for, or prevent, the execution of such orders. Limit and stop orders may be placed only on the preceding terms.

## **12 Your Acknowledgment of Additional Risks:**

**Investments in precious metals (commodities) involve substantial risk. Historically, there have been periods of varying length during which prices of commodities have moved adversely to customers' interests. Market prices are volatile and unpredictable and may be affected by a variety of factors including, among others, general economic conditions, political events, monetary policies of various countries, fluctuations in production and demand, stockpiles, speculative activity, transactions and events in futures markets and the degree of concern market participants have about these matters. It is impossible to forecast accurately how or to what degree these or other factors will affect prices.**

**Transactions in precious metals should only be made with discretionary funds and not with monies necessary to cover or produce your day-to-day living expenses.**

**What is suitable for one customer with a given financial means may not be suitable for the goals or emotional makeup of a second customer of the same means. Before you choose to buy or sell, you must determine in your own mind your ability to understand the transaction and to meet all necessary financial commitments in connection with the transaction. When purchasing commodities with funds borrowed from MCC, you must also carefully determine your ability to accept, among other things, that you may be required to provide substantial additional funds to reduce your loan with MCC and that some or all of your collateral may be foreclosed upon without advance notice. Persons with limited investment experience, or low incomes or assets, should be particularly sensitive to the risks and financial requirements involved in commodity transactions.**

**While MDC intends to maintain a commercial buy and sell market for its commodities, there is no guarantee that MDC will continue to do so. In the event that MDC is unable or unwilling to quote firm prices at any time, Customer may be obliged to sell commodities owned or to purchase commodities owed by Customer in another market.**

**MDC and its account representatives are not your agents and owe no fiduciary duty to you.**

**It is your responsibility to monitor your account and to stay in touch with MDC concerning your account and market conditions. Do not wait to be contacted. Any representations that you will be notified or that your commodity will be sold at particular price levels if the market turns against you are not authorized by MDC and may not be relied upon.**

Neither MDC nor its representatives guarantee, assure or promise future market movement, prices, coin premiums, bid/ask spreads or profits.

MDC will rely upon your telephonic instructions and orders. It is the practice of the industry that all purchase and sell orders placed over the telephone are binding contracts and must be honored. Once a Customer places a purchase or sell order which an authorized MDC employee accepts, the parties to this Agreement have created a binding contract. The parties may revise the contract only upon mutual consent of both parties.

**Your account with MDC is self-directed. This means that you are solely responsible for all transaction decisions, including the placement of all limit and stop orders for your account. Any reliance upon recommendations or suggestions by an MDC representative or upon any written material in making your decision to enter into a transaction does not relieve you of your responsibility for that transaction and its outcome. Because you are solely responsible for your account, it is very important that you understand the type of transaction you are considering and that any decisions you make are consistent with your intentions. Your verbal authorization to enter a purchase or sale transaction, including the placement of a limit or stop order, is recorded to assure both you and MDC of the accuracy of your decision. If you ever believe that a transaction has been entered for your account that you have not authorized, or that a transaction you entered into has not been executed by MDC, you must immediately notify your Account Representative's Supervisor or MDC's Compliance Department by phone at (949) 752-1400 or (800) 949-4653 and immediately confirm such notification in writing to MDC's Compliance Department at 4910 Birch Street, Newport Beach, California 92660. Do not wait to see if market prices move advantageously or disadvantageously before notifying MDC management.**

Similarly, if you believe that any representative of MDC has made a verbal or written representation that is inconsistent with the terms or risks set forth herein (e.g., "I will keep your losses at a minimum." or "Your metal can only go up in value.") or is offensive or unprofessional in nature (e.g., high pressure or unresponsive to requests), you will notify MDC's Compliance Department immediately. If you fail to make the required notification by the tenth business day following the date on which the event first became known to you, you waive all rights to contest such order, matter or omission and your account will stand, as is, as of the end of such business day.

MDC and its Account Representatives earn income based upon the volume and type of transactions with customers. In the process of selling precious metals to, and buying precious metals from, Customer, the Customer should assume that the interests of MDC and its Account Representatives conflict with the interests of the Customer. Also, at times, MDC provides cash, merchandise and travel incentives to its Account Representatives based upon the type and/or volume of the commodity sold. Customer must make the final decision as to whether Customer wishes to enter into any particular transaction and should keep the foregoing in mind when making that decision. **Customer is solely responsible for all purchasing, selling and borrowing decisions for Customer's account.** This does not, however, limit in any way MDC's rights under Sections 7, 11, 12, 13 or 14 of this Agreement.

Tax consequences of transactions with MDC are the sole responsibility of Customer. Customer is responsible for any applicable sales or use tax.

**Customer understands that precious metals products can be purchased from and sold to competitors of MDC and that Customer has the alternative of doing business with these MDC competitors.**

In times of highly volatile markets, MDC phone lines may be busy due to the volume of incoming and outgoing calls. It is also possible for telephone lines to fail for reasons beyond MDC's control. Because of this, Customer is advised and will be responsible to have alternative methods to communicate with MDC (e.g., e-mail, courier messenger service, etc.) should it become necessary to do so. **If you have any questions, or need any information, call your Account Representative. If your Account Representative is not available, call his or her Back-up Account Representative or Sales Director.**

### 13 Security Agreement.

**13.1 Property and Rights Subject to Security Interest.** As security for the performance of all of Customer's obligations hereunder, whether now existing or hereafter incurred, Customer hereby grants MDC a security interest in each and every commodity purchased by Customer from MDC and all other sums, property and rights, whether individually or jointly held, at any time standing to Customer's benefit on MDC's books or at any time in MDC's possession or Bank's possession, for any purpose.

**13.2 MDC Rights and Remedies.** Upon default under this Agreement, MDC shall have, in addition to all other rights and remedies conferred on MDC hereby, all rights and remedies of a secured party under the California Commercial Code.

**13.3 California Commercial Code Filing.** MDC may file this Agreement and such other documents as MDC may request, which Customer agrees to provide, in order to perfect MDC's security interest hereunder.

**14 Acceleration Upon Default.** Upon default by Customer, MDC may, at its election, declare any or all of Customer's obligations immediately due and payable.

### 15 Miscellaneous.

**15.1 Notices.** All communications shall be sent to MDC at 4910 Birch Street, Newport Beach, CA 92660 and to Customer at the address set forth following the signatures to this Agreement or such other address subsequently provided to MDC by Customer in writing. All communications given by MDC to Customer by mail shall be effective 48 hours after deposit in the United States mail, postage prepaid, or upon receipt, whichever is earlier; if hand delivered, when delivered to Customer's address; if telephonic, at the time of such phone conversation or facsimile transmission; or if by e-mail, on the day of transmission.

**15.2 Force Majeure.** In the event of adverse conditions in the marketplace or other factors beyond the control of MDC, including, but not limited to, acts of God, national emergencies, adverse governmental actions, or suspension of trading of silver, gold, platinum or palladium futures contracts by U.S. commodity exchanges, or the delivery of the commodities underlying such contracts, or the failure or delay of suppliers, the maximum time for delivery of such commodities may be extended indefinitely during the period of such adverse circumstances. MDC will not be responsible for delays or failures in the transmission, receipt or execution of orders, payments, deliveries or information due to the incapacity or failure of computer, transmission or communication facilities which are beyond the control of MDC.

**15.3 Entire Agreement.** This Agreement constitutes the entire and whole Agreement among its parties and is intended as a complete and exclusive statement of the terms of their agreement. **This Agreement may be amended only upon execution of a subsequent agreement between the parties or upon Customer's failure to object, within 10 days, to modifications contained in subsequent agreements sent to Customer by MDC. This Agreement shall supersede any oral representations between the parties.**

**15.4 Individual Authority of Customer.** Any party signing this Agreement as Customer is authorized to deal fully with the account opened hereunder, for purposes of placing orders, receiving funds or commodities or otherwise. Any action taken by any such party shall be binding on all other parties with an interest in that account. Each such party shall hold MDC harmless for relying hereon. All obligations of Customer under this Agreement are joint and several.

**15.5 Electronic Recordation.** Customer agrees that MDC may monitor and may electronically record all or part of any conversation between MDC or its employees and Customer or Customer's agents.

**15.6 Waiver.** Failure to exercise or delay in exercising any right, power or remedy hereunder by MDC shall not operate as a waiver thereof, nor shall any single or partial exercise of any right, power or remedy of MDC hereunder preclude any other or future exercise thereof or the exercise of any other right, power or remedy.

**15.7 Bank Indemnification.** Customer agrees that Bank may act upon any instructions received from MDC concerning delivery, transfer of title, sale or disposition of commodities held by Bank on Customer's behalf. Customer further agrees to indemnify the Bank from any liability to Customer for actions taken by Bank in conformity with such instructions.

**15.8 Right to Rescind for First Purchase Only.** Customer purchasing a commodity from MDC for the first time has a right to rescind that purchase. Customer may rescind such purchase during a period of 10 calendar days from the date of purchase, so long as Customer sent the necessary funds to MDC within the required 24 hours of such purchase, and MDC received such funds as required by Section 7.1 hereof. By rescinding his first purchase, Customer also agrees that he will not attempt to make further purchases from MDC. Customer may rescind Customer's transaction by a telephone call to Customer's Account Representative. Rescission is effective when confirmed and recorded on tape with an Account Representative.

**15.9 Governing Law.** Except as otherwise provided under Section 16 hereof, this Agreement is entered into in accordance with and shall be governed by California law; provided that, if any California law shall dictate that the laws of another jurisdiction be applied in any proceeding, such California law shall be superseded by this paragraph and the remaining laws of California shall nonetheless be applied in such proceeding.

**15.10 California Agreement; Location of any Dispute Resolution is Orange County, California.** The Customer agrees that for all purposes he has entered into this Agreement in Orange County, California, notwithstanding any events that may occur outside Orange County, including the manner, timing or location of the delivery of receipt of the acceptance of this Agreement by either party hereto. Customer also agrees that the following events, among others, occurred in Orange County, California: the solicitation, negotiation, execution, and consummation of this Agreement, as well as the initial payment of monies and any subsequent Customer payment of monies, and written

confirmation of each transaction. Customer and MDC agree that Orange County, California is a mutually and reasonably convenient place for any arbitration or litigation proceeding concerning disputes relating to Customer's transactions with MDC or to this Agreement and all such proceedings shall be filed in Orange County, California.

**15.11 Assignment.** The provisions of this Agreement shall be continuous and shall inure to the benefit of MDC, its successors and assigns, and shall be binding upon Customer and/or the estate, personal representatives, administrators and successors of Customer. MDC may assign its rights and delegate its duties as to any or all transactions under this Agreement. Customer shall not delegate any obligations hereunder without the prior written consent of a duly authorized officer of MDC, and any attempt at such delegation without such consent shall be void.

**15.12 Transaction Charges.** Customer agrees that to the extent that any charges imposed by MDC are held to be in excess of those allowable under any law, such charges shall be reduced to the legal maximum.

**15.13 Severability.** In the event that an arbitrator determines that any provision of this Agreement is unenforceable, such provision shall be unenforceable and the remainder of this Agreement shall remain binding upon the parties as if such provision was not contained herein.

**15.14 Obligations Due in U.S. Currency.** Customer shall pay all obligations owing under this Agreement in the currency of the United States of America.

**15.15 Taxpayer I.D. Number.** Customer certifies that the Social Security Number, or other Federal Taxpayer Identification Number, provided below is correct and that Customer has not been notified by the Internal Revenue Service that he is a "payee under-reporter" under section 3406(a)(1)(c) of the Internal Revenue Code.

**15.16 Tax Treatment.** MDC does not offer advice on the tax treatment of purchasing, selling or borrowing precious metals. Customer must consult with his or her personal tax advisor with respect to such matters.

**15.17 Authorized Communications.** Customer authorizes MDC and its representatives to call at any telephone number, and to send e-mails to any e-mail address, that Customer has provided to MDC, until such time as Customer notifies MDC in writing of its revocation.

**15.18 Online Account Access and Monitoring.** Online access to your account is available upon registration. You are encouraged to access your account online and to monitor the current value of your purchases and equity which are updated several times during the business day. Additionally, you can view any limit and stop order in effect. Records of confirmations and monthly statements are available for review and printing. If at any time you believe the account information is incorrect, you are required to immediately notify the MDC Compliance Department. Your failure to make such notification within ten (10) business days will waive your rights to later contest such incorrectness.

## 16 Arbitration

**a. Arbitration of Claims.** The parties agree to submit all disputes, claims or controversies seeking damages in excess of \$50,000, arising out of or relating to any transactions with MDC or to the breach, termination, enforcement, interpretation, validity, enforceability or alleged unconscionability of any part of this Agreement, to final and binding arbitration before JAMS, Inc. ("JAMS") or ADR Services, Inc. ("ADR"), or their successors, in



Orange County, California. Notwithstanding Subsections 15.9 and 15.10 above, this agreement to arbitrate shall be subject to and governed by the Federal Arbitration Act.

**b. Additional Participants in this Agreement to Arbitrate.** All partners of MDC and their officers and directors, and all employees, representatives, agents and affiliates of MDC, past, present or future, are beneficiaries of, and participants in, this arbitration agreement. They will have the same rights and obligations under this arbitration agreement as the parties, to the extent that these arbitration agreement beneficiaries are named as respondents in any dispute, claim or controversy subject to or arising from this Agreement, or could have been so named.

**c. Initiation of Arbitration.** Any party may commence the arbitration process by filing a written demand for arbitration with JAMS or ADR in Orange County, California, with a copy to the other party(ies). If Customer would prefer a different arbitration forum than the one selected by MDC when it initiates a filing, Customer must file Customer's demand for arbitration with the alternative arbitration forum (either JAMS or ADR), with written notice to MDC, within 10 business days of receiving MDC's written demand for arbitration.

**d. Arbitration Rules and Fees.** Except as otherwise provided herein, the arbitration shall be conducted in accordance with the rules and procedures of the chosen arbitration forum which are in effect at the time of Customer's execution of this Agreement. If JAMS is chosen, those rules shall be JAMS Comprehensive Arbitration Rules and Procedures; if ADR is chosen, those rules shall be the ADR Arbitration Rules. Those rules shall be referred to hereafter individually and collectively as the "Rules". The Rules shall apply regardless of the amount of the claims or cross claims in the proceeding. Discovery may be taken by the parties only in the manner prescribed by the Rules. In the discretion of the arbitrator(s), pre-arbitration conferences and hearings may be telephonic.

Customer can find the Rules on JAMS' and ADR's Internet web sites: [www.jamsadr.com](http://www.jamsadr.com) and [www.adrservices.org](http://www.adrservices.org), respectively. Customer can also obtain copies of the Rules and information concerning current administrative and arbitrator fees by calling JAMS at 800-352-5267 and ADR at 949-863-9800.

**Customer should review the Rules, and the arbitration fees which the parties will be charged, as further discussed below in Section 16.i. Customer should also be aware that arbitration fees change from time to time, and that arbitration fees at the time of any dispute may be higher than at the time Customer entered into this Agreement.**

**e. Selection of Arbitrators.** The parties agree that a single arbitrator shall be selected to adjudicate all disputes unless otherwise provided for in this Agreement. The selection and replacement of an arbitrator or arbitrators shall be in accordance with the Rules of the selected arbitration forum, except that: i) each arbitrator shall be a retired judge of either the California Superior Court or a United States District Court located in California, and ii) any party may require a panel of three neutral arbitrators.

**f. Decision of the Arbitrator(s).** The arbitration shall be final, conclusive and binding on the parties and the award of the arbitrator(s) shall be enforceable in any court of competent jurisdiction.

**g. Class and Representative Actions.**

1. Customer and MDC agree that each may bring claims against the other only in his/her/its individual capacity, and not as a

plaintiff or class member in any purported class or representative proceeding.

2. If it is determined that Subsection 16g.1. is unenforceable for any reason, and that a party's claims may proceed as a class or representative action, then the parties further agree that all subsequent matters, including but not limited to, issues of class representation, class certification, class notice and a decision on the merits, shall be determined in arbitration before JAMS or ADR, as chosen by Customer, according to the chosen arbitration organization's Rules and applicable procedures, and by an arbitration panel of three arbitrators selected in accordance with the provisions of Subsection 16e. of this Agreement.

**h. Allocation of Costs.**

**1. Basic Arbitration Costs.** Each side (i.e. claimant(s) on the one hand and respondent(s) on the other) agrees that it will share equally in all arbitration organization administrative and arbitrator costs (referred to in Paragraph 16d above) if only one arbitrator is used. Customer may petition the arbitrator to attribute all or a portion of Customer's share of the administrative and arbitrator costs to MDC, if Customer satisfactorily demonstrates to the arbitrator with documents and sworn deposition testimony that his financial means are insufficient to pay such costs.

**Except as provided in Subsection 16h.2., if any party insists on a three arbitrator panel, each side shall share equally in the arbitration provider's administrative fees, but the party requiring the three arbitrator panel shall pay all arbitrator fees.**

**2. Class and Representative Actions.** If it is determined that Subsection 16g.1. is unenforceable and that claims subject to this Agreement shall proceed in arbitration as a class or representative action, the parties agree that each side will share equally all the arbitration organization's administrative costs and arbitrators' fees.

**3. Arbitration Costs.** Customer understands that Customer's half of the arbitration costs can exceed \$4,000 per day when a single arbitrator is selected. Customer further understands that if Customer selects a three arbitrator panel, Customer bears all the arbitrator costs, which can exceed \$8,000 per arbitrator per day. Arbitrations generally involve a total of 4-7 days of arbitrator time.

- i. Available Damages and Remedies.** The parties agree that the damages available to any party shall be limited to any actual contract damages or tort damages proximately caused by and resulting from the other party's alleged acts. This paragraph states the exclusive damage remedies available to the parties. In all matters, each party shall be responsible for his, her or its own attorneys' fees.
- j. Waiver of Litigation Rights and Jury Trial.** By signing this Agreement, each party is agreeing to have all claims, disputes and controversies arising out of, or relating to, Customer's transactions with MDC or to this Agreement that seek damages in excess of \$50,000 decided by arbitration and is giving up any right to have such claims, controversies and disputes determined in a court of law by a judge or by a jury. If any party refuses to abide by the terms of this Agreement such party may be compelled to comply with its terms.
- k. Voluntary Agreement; Revocation.** Each party's agreement to arbitrate is voluntary. Customer may revoke Customer's agreement to arbitrate under Section 16 by written notice delivered to MDC's Compliance Department at 4910 Birch Street, Newport Beach, California within 60 days of Customer's first transaction with MDC or MCC. MDC will confirm such revocation in writing to Customer.

17 **AS CUSTOMER, I AFFIRM MY UNDERSTANDING AND ACKNOWLEDGE THAT:**

- a. I am of legal age and/or legally competent to enter into this Agreement.
- b. I may rescind my first purchase within 10 calendar days of such purchase. (See Sec. 15.8)
- c. All of my transactions with MDC shall be for investment or other commercial purposes and not for any personal, family, household or other consumer purposes. (See Sec. 2)
- d. The purchase and sale of commodities involve a high degree of risk and are not suitable for all persons. (See Secs. 3 and 12)
- e. I will immediately notify MDC's Compliance Department, in writing, if any statement made to me by an Account Representative is inconsistent with the risks and terms set forth in this Agreement or is what I consider to be offensive or unprofessional in nature. (See Sec. 12)
- f. I will not convey any discretionary authority concerning my account to my Account Representative or to MDC. This means that I make and that I am solely responsible for all transaction decisions, including the placement of all limit and stop orders, for my account. If I believe that a transaction has not been authorized by me, or has not been executed by MDC as I directed, I will immediately notify MDC's Compliance Department. I waive all rights to contest such transaction or omission if I fail to make such notification within ten (10) business days. (See Secs. 10.1 and 12)
- g. I understand there are no assurances or guarantees by MDC or its representatives as to the future value of the commodities I purchase, borrow or sell. (See Sec. 12)
- h. I am solely responsible for all purchasing, selling and borrowing decisions for my account. Any reliance upon recommendations or suggestions by a Monex representative or upon any written material in making my decision to enter into a transaction does not relieve me of my responsibility for that transaction and its outcome. (See Secs. 10 and 12)
- i. I will not rely on MDC or its employees to provide any duties to me beyond the contractual duties contained in this Agreement. Neither MDC nor its employees owe me any fiduciary duty. MDC and its Account Representatives gain revenue from my purchases and sales and, as such, I will place orders for my account only when I believe it is in my own best interest. Since my account is self directed, I am responsible for all purchase, sale and borrowing decisions, and I will not hold MDC or its employees responsible for any losses that I incur, absent their breach of the obligations and duties owed to me under this Agreement. (See Secs. 4.2, 10.1 and 12)
- j. I will immediately notify MDC's Compliance Department if any MDC representative guarantees, or assures me of future market movement, prices or profits or who minimizes the risks inherent in my commodity transactions.
- k. I voluntarily agree to submit all disputes, claims or controversies that seek damages in excess of \$50,000 which arise out of, or relate to, my transactions with MDC to final and binding arbitration before JAMS, Inc. ("JAMS") or ADR Services, Inc. ("ADR"), and to give up my rights to a jury, unless I have revoked my agreement to arbitrate within 60 days of my first transaction with MDC. (See Sec. 16)

I have determined in my own mind that I am financially, intellectually and emotionally suitable to enter into the transactions which are the subject of this Agreement and able to accept the risks and to meet the financial commitments being made.

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Customer Name(s) (Print)

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**X** \_\_\_\_\_  
 Customer Signature Date

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**X** \_\_\_\_\_  
 Customer Signature Date

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Address

---

City State Zip

---

Social Security or other Federal Taxpayer Identification Number

---

Home Telephone Business Telephone Cell Telephone

---

e-mail address

---

Account No.

Single Owner  Limited Liability Company

Joint Tenants with Right of Survivorship  Trustee For (Name of Trust, Pension or Profit Sharing Plan)

Tenants in Common \_\_\_\_\_

Corporation \_\_\_\_\_

Partnership  Other: \_\_\_\_\_

Monex Deposit Company - For Official Use Only

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By: \_\_\_\_\_  
Date

**FORM NN**

# Loan, Security and Storage Agreement

1 **Terms and Conditions.** The Customer(s) signing below ("Borrower") promises to pay to **Monex Credit Company** ("MCC") at its office in California on demand, or if no demand, 5 years from the date of the latest cash advance, the sum of all outstanding cash advances ("loan balance") made by MCC to or for the benefit of Borrower, together with interest thereon from the dates of the respective advances at MCC's prevailing announced finance rate, as such rate may change from time to time. Borrower also promises to return to MCC, on demand, or if no demand, 5 years from the date of the latest borrowing of commodity, all such unreturned commodities as Borrower may have borrowed from MCC, together with lease fees thereon from the dates of the respective borrowings at MCC's prevailing announced lease rates, as such rates may change from time to time. Borrower's failure to make such payments or return such commodities, as required, shall constitute a default by Borrower and MCC shall have the right to dispose of all collateral and security provided by Borrower or on Borrower's behalf, as provided in Paragraph 12 hereof, and apply such proceeds against the obligations due it hereunder. Such right shall be without limitation to the value of the collateral and security and any other remedies granted to it by this Agreement or otherwise by law.

**MCC is a finance lender that offers commercial loans collateralized by precious metals and precious metal leases collateralized by cash deposits. MCC may offer terms and rates that differ between its borrowers.**

**Cash Advances (Borrowing Cash):** When Borrower borrows cash, MCC will add such borrowing to Borrower's loan balance and impose Interest charges (sometimes referred to as finance charges) on such loan balance. Interest (finance) charges are calculated by multiplying MCC's prevailing periodic daily interest percentage rate (MCC's annual interest percentage rate divided by 365) by the amount of the loan balance and by the number of applicable days. Interest charges are made to the account on the last day of each calendar month and at such other times as there is activity in the account. Activity in the account is any change in the loan balance (increase or decrease) and any transaction involving borrowed commodities. The interest rate charged by MCC will be a variable rate over the prime rate, but will not exceed the prime rate by more than 5% per annum. The term "prime rate" means the current prime rate as correctly published in the Western Edition of the Wall Street Journal. MCC may change its interest rate at any time.

Interest rates in effect are stated by MCC on Borrower's Monthly Statement and in other documents used by MCC from time to time to notify Borrower of such rates.

Borrower's loan balance may be paid in full by Borrower at any time without penalty.

Cash advances remitted to Monex Deposit Company ("MDC") for a purchase on Borrower's behalf will be debited to Borrower's loan balance on the day of such purchase. In the event of any dispute between Borrower and MCC regarding the allowable level of interest rates, such dispute shall be submitted to arbitration pursuant to Section 30 of this Agreement and if the Arbitrator determines that the interest rates exceed the maximum allowable rates, the Arbitrator will reduce the interest rates under this Agreement to the legal maximum rates.

Borrower represents that all cash advances by MCC to Borrower will be used for the purchase of commodities for investment or for other commercial purposes and not for any personal, family, household or other consumer purposes.

**Borrowing Commodities:** When Borrower borrows commodities from MCC, MCC may charge or credit a lease fee to Borrower's account. Lease charges or credits are calculated by multiplying MCC's prevailing daily lease percentage rate for the commodity borrowed (MCC's prevailing annual lease percentage rate for the commodity borrowed divided by 365) by the value of the commodity borrowed and by the number of days the commodity is borrowed. The value of the commodity for this purpose is the bid price as quoted by MDC at the time the commodity is borrowed.

The lease rates quoted by MCC are net rates that MCC establishes upon its analysis of the commodity markets and its consideration of any offsetting value of cash security deposits. The lease rates quoted by MCC are not tied to, and may differ from, lease rates quoted by other commercial lenders, dealers and organizations. Lease rates are subject to rapid change, vary for each commodity borrowed, and can be zero, positive (earned) or negative (charged). Lease rates are variable and may be changed by MCC at any time and are not subject to limits. Commercial dealer to dealer precious metal lease rates are published by Bloomberg LP, New York, NY. MCC lease rates in effect are stated on Borrower's Monthly Statement.

On the last day of every month, any unpaid lease charges for that month shall be debited to Borrower's account. Such debit will reduce Borrower's equity.

Borrower may return commodities borrowed from MCC at any time without penalty.

Borrower represents that all borrowing of commodities by Borrower from MCC is for investment or other commercial purposes and not for any personal, family, household or other consumer purposes.

- 2 Borrower's Authorization.** Cash advances and borrowing of commodities may be obtained from MCC at the oral or written request of any Borrower under this Agreement or by MDC for or on the specific authorization of Borrower. Each such party is authorized to request cash advances and borrow commodities and direct disposition thereof until written notice of the revocation of such authority is received by MCC.

Any such advance or borrowing shall be conclusively presumed to have been made to or for the benefit of Borrower when made in accordance with such requested directions and when such advance is paid or sale of borrowed commodity is made on behalf of Borrower to MDC.

Cash advances will be made pursuant to Section 22650 of the California Financial Code, to the extent that section is applicable. Borrower hereby waives diligence, presentment, protest, demand and notice of every kind and (to the full extent permitted by law) the right to plead any statute of limitations as a defense to any demand pursuant to this Agreement or in connection with any security.

- 3 Borrower's Equity Obligations.** Equity is the difference between the value of Borrower's collateral and Borrower's loan balance. The percent equity is the ratio of Borrower's equity to Borrower's collateral value. Thus, in a purchase transaction, if Borrower's collateral value (bid) is \$10,000 and Borrower's loan balance is \$7,000, Borrower's equity is \$3,000, which would equal 30 percent. Borrower agrees to keep Borrower's obligations at all times fully secured, to the satisfaction of MCC, and to make additional cash payments on Borrower's account or deposit additional commodity as security, should the value of the security for such obligations at any time suffer a decline or for any reason be at any time insufficient to secure such obligations to the satisfaction of MCC in its sole discretion. Borrowing of commodities must be secured by cash or commodity deposits,

the value of which at all times exceeds the prevailing market value of the commodities borrowed by Borrower, as determined by MCC.

**Purchasing and selling commodities involve a high degree of risk. The use of borrowed funds to increase the quantity purchased will increase the risk by the additional quantity purchased. Purchasing 10 units of a metal with borrowed funds versus 10 units without borrowed funds will result in similar trading gains and losses (disregarding interest fees and loan terms). However, if one purchases 30 units using borrowed funds instead of 10 units with or without borrowed funds the risk is increased 3 fold. Thus, the larger the purchase the greater the risk. For Example:**

1 UNIT NO BORROWING	Original	Price Decrease -10.0%	Price Increase +10.0%
Ask	10,000	9,000	11,000
Remittance	10,000	10,000	10,000
Borrow	-	-	-
Bid	9,700	8,730	10,670
Equity	9,700	8,730	10,670
Gain (Loss)	(300)	(1,270)	670

1 UNIT WITH BORROWING	Original	Price Decrease -10.0%	Price Increase +10.0%
Ask	10,000	9,000	11,000
Remittance	3,000	3,000	3,000
Borrow	7,000	7,000	7,000
Bid	9,700	8,730	10,670
Equity	2,700	1,730	3,670
Gain (Loss)	(300)	(1,270)	670

3 UNITS NO BORROWING	Original	Price Decrease -10.0%	Price Increase +10.0%
Ask	30,000	27,000	33,000
Remittance	30,000	30,000	30,000
Borrow	-	-	-
Bid	29,100	26,190	32,010
Equity	29,100	26,190	32,010
Gain (Loss)	(900)	(3,810)	2,010

3 UNITS WITH BORROWING	Original	Price Decrease -10.0%	Price Increase +10.0%
Ask	30,000	27,000	33,000
Remittance	10,000	10,000	10,000
Borrow	20,000	20,000	20,000
Bid	29,100	26,190	32,010
Equity	9,100	6,190	12,010
Gain (Loss)	(900)	(3,810)	2,010

Borrower may refer to Section 9.3 of MDC's Purchase and Sale Agreement for break-even calculations with applicable charges.

**Borrower anticipates MCC calling upon Borrower from time to time to reduce Borrower's loan balance, and to deposit additional funds as security for borrowed commodities. If Borrower does not meet MCC's call with the designated payment amount and within the time that MCC specifies (which may be as short as 24 hours), MCC may in its sole discretion sell the collateral pledged as security and apply the proceeds to the Borrower's loan balance. Similarly, in the case of a borrowed commodity, if Borrower does not meet MCC's request for an increase in Borrower's security deposit within the time that MCC specifies (which may be as short as 24 hours), MCC may purchase the commodities borrowed using the funds deposited with MCC to secure such borrowing in order to fully or partially satisfy Borrower's obligations to MCC. MCC also has the right in its sole discretion to make such a sale or purchase without making a request that the Borrower reduce the outstanding balance due MCC or before the deadline for Borrower to respond to a request for funds by MCC. Similarly, MCC also has the right in its sole discretion to require Borrower to increase Borrower's security deposit, if at any time MCC deems the collateral securing the obligations of Borrower to MCC to be inadequate.** Historically, the effective minimum maintenance equity percent level has generally been 12% to 14%. However, the required minimum maintenance equity percent can exceed such historical levels and may be higher for larger accounts.

**4 Payment.** Borrower may make payments to MCC by cashier's check drawn on a commercial bank, personal check or bank wire. MCC, however, reserves the right to require Borrower to pay only by bank wire. MCC will deem payments which are not bank wires to be "hold funds" for 12 business days after receipt by MCC, and will extend delivery time of the commodity to account for that 12-day period. MCC may reduce the 12-day holding period for checks upon receipt of a written guarantee of payment from the issuing bank. Borrower acknowledges that MCC will credit Borrower's received funds to Borrower's account at 5:00 p.m., Pacific Coast Time, on the day of receipt.

**5 Collection Costs.** Borrower promises to pay all costs of collection, including reasonable attorneys' fees, incurred in the collection of amounts due under this Agreement.

**6 Security Interest.** As security for the satisfaction of all Borrower's obligations to MCC now or hereafter existing, including any assigned to MCC by MDC, (the "Indebtedness"), Borrower hereby grants to MCC a security interest in: (a) all commodities belonging to Borrower and held for Borrower by Farmers and Merchants Bank of Long Beach, California, Delaware Depository Service Company, LLC, Wilmington, Delaware or any other bailee or bailees substituted by MCC (such bailees are hereinafter referred to individually and collectively as "Bank"), either directly or in other depositories; (b) all commodities or contractual rights in which Borrower has an interest which shall hereafter be delivered to or come into the possession, custody or control of Bank, MDC or MCC in any manner or for any purpose; (c) all cash deposited with MCC or MDC by or for Borrower; and (d) all Borrower's accounts and debts with MCC. Bank may hold or transfer such property (the "Collateral") to any facility within its control. In addition to Bank's own vaults, Bank is now using or may use the following facilities for such purposes: (1) Brinks Inc., in Los

Angeles, California and New York City; and (2) any depository approved for the storage of precious metals by Commodity Exchange, Inc., the Chicago Board of Trade, or the New York Mercantile Exchange.

Borrower may take personal possession of commodities held as security upon full payment of the loan balance and any applicable handling and delivery charges.

**7 Passage of Title.** Commodities which Borrower borrows from MCC will be delivered to Bank and held in safekeeping for Borrower as an undivided share of a fungible lot with the commodities of other Borrowers. Upon delivery, Borrower acquires title to an undivided share of such commodities. Commodities borrowed by Borrower and sold to MDC will be delivered to MDC, at Bank, the next business day following the date of sale. Upon delivery, title to Borrower's commodities is transferred to MDC.

**8 Risk of Decline in Value of Commodities. Borrower acknowledges that all risks of decline in the value of Borrower's commodities are Borrower's and not those of Bank or MCC.**

**9 Service/Storage Charges.** A monthly service/storage charge is imposed on Borrower's account at the close of business on the last day of each month based on the units of commodities in Borrower's account that are designated for delivery to or stored by Bank at such time. The monthly service/storage charge per unit is currently \$3.00 for gold, platinum and palladium, \$6.00 for silver and \$10.00 for gold kilo bars. The unit charges are applicable as of month-end, irrespective of the number of days the commodities are held in Customer's account. MCC reserves the right to change prospectively at any time and at its sole discretion any of its service/storage fees.

**Deliveries.** All deliveries to Borrower will be made by, or at the direction of, MDC. Shipping and handling charges will apply as set forth in Borrower's Purchase and Sale Agreement with MDC. Borrower may arrange for pick up of Borrower's commodities from a MDC designated pickup vault facility. Currently such facilities are Via Mat International (USA) Inc., Ontario, California, Via Mat International (USA) Inc., Inwood, New York, and Delaware Depository Service Company, LLC, Wilmington, Delaware. Borrower must satisfy all payments due relative to such commodities before appointments for pick up may be made. MDC will make all appointments and arrangements for pick up by Borrower with the appropriate facility. All communications to arrange a pick up must be made with MDC and not with the vault facility. A Borrower mailing or shipping commodities to MCC bears all risks of loss or non-delivery until the shipment is received and accepted by MCC. A Borrower wishing to make delivery to MCC, except on demand by MCC, is required to give at least 3 days advance notice and make delivery to MCC's designated facility.

**10 Protection of Security Interest.** Borrower authorizes MCC to take any actions it believes necessary to protect or preserve its security interest in the Collateral. MCC may file this Agreement and such other documents as MCC may request (which Borrower agrees to provide upon such request) with the appropriate

authorities as necessary to perfect MCC's security interest under this Agreement. Until the Indebtedness is repaid in full, Borrower shall not sell, encumber or otherwise transfer any interest in the Collateral or permit to exist any encumbrance of any kind on the Collateral other than MCC's security interest under this Agreement.

- 11 Events of Default and Foreclosure.** At the option of MCC and without necessity of demand or notice, all or any part of the Indebtedness (including any borrowing of commodities by Borrower) shall immediately become due and payable upon the happening of any of the following events ("Events of Default"): (a) Borrower's failure to meet or perform any of the terms or provisions of this Agreement (including, without limitation, Borrower's default in payment of the Borrower's loan balance or interest charges thereon or any indebtedness to MCC when due); (b) Borrower's equity in the Collateral falls below 50% of MCC's prevailing minimum maintenance equity level; or (c) MCC determines at any time and in MCC's sole discretion that Borrower's Indebtedness is insufficiently secured. **In the event of an Event of Default, MCC shall have the right, but not the obligation, to foreclose upon all or any part of the Collateral. Foreclosure may be effected at any time of the day or night, on regular business days or otherwise, without prior notice, even though: (1) MCC has not made a demand for additional security or repayment; (2) such a demand is outstanding and has not yet been met; or (3) Borrower's equity in the Collateral has subsequently risen above MCC's minimum maintenance equity level due to an increase in the value of the Collateral. Borrower acknowledges the increased risk of foreclosure if Borrower fails to monitor and maintain his equity as necessary. Borrower also agrees that funds that MCC receives from Borrower will be credited to Borrower's account at 5:00 p.m. Pacific Coast Time, on the day of receipt. MCC reserves the right to change its minimum maintenance equity level at its sole discretion and at any time.**
- 12 Rights and Remedies.** In the event of Borrower's failure to satisfy any Indebtedness when due, or upon the happening of any Event of Default as previously specified, or upon demand by Bank, MCC may, at any time, at its election, apply, set off, collect or sell, in one or more sales, with or without any previous demands, notice or advertisement, the whole or any part of the Collateral, in such order as MCC may elect, and purchase any commodities borrowed by Borrower with the funds deposited to secure such borrowings. Any such sale or purchase may be made either at public or private sale at MCC's place of business or elsewhere, either for cash or upon credit or for future delivery, at such price as MCC may deem fair. MCC may be a bidder on or the purchaser of any or all Collateral so sold, whether at public or private sale, and hold the same thereafter in its own right free from any claim of Borrower or right of redemption. In such circumstances, MCC is also entitled to take possession and control of any proceeds resulting from the sale or other disposition of any of the Collateral. Borrower hereby appoints MCC its Attorney-in-Fact to make any transfer of title of the Collateral permitted by this Agreement and to deliver all instruments to accomplish such transfer. Bank may act upon instructions from MCC concerning the sale or other disposition of the Collateral. Borrower agrees to indemnify Bank from any liability to Borrower for actions taken by Bank in

conformity with such instructions. Borrower agrees that the commodities comprising the Collateral or borrowed by Borrower may decline or increase speedily in value and are of the type customarily sold on a recognized market and that MCC may treat and deal with such commodities in any fashion it deems appropriate, in its absolute discretion, to preserve its security interest in such commodities. Any sale hereunder may be conducted by any officer or agent of MCC.

- 13 Waiver.** Borrower waives any right to require MCC to (a) proceed against any particular person, (b) proceed against or exhaust any part of the Collateral, or (c) pursue any other remedy in MCC's power prior to or as a condition of proceeding against Borrower or against any part of the Collateral. Borrower further waives any defense arising by reason of any disability or other defense of Borrower or any other person. Until all Indebtedness shall have been paid or otherwise satisfied in full, Borrower shall have no right of subrogation and waives any benefit and/or any right to participate in any Collateral or security whatsoever now or hereafter held by MCC. Borrower authorizes MCC without notice of demand and without affecting Borrower's liability hereunder or on the Indebtedness to: (a) change the time for payment or otherwise change the terms of the Indebtedness, or any part thereof, including the rate of interest thereon; (b) take and hold security, other than the Collateral, for the payment of the Indebtedness or any part thereof, and exchange, enforce, waive and release the Collateral, or any part thereof, or any such security, and; (c) release or substitute Borrower, or any endorser or guarantor of the Indebtedness, or any part thereof.
- 14 Release of Collateral.** MCC may at any time release all or part of the Collateral to any Borrower. MCC shall be discharged from any liability for the Collateral so released.
- 15 Deficiency of Collateral; Recourse Against Separate Property.** Borrower shall be jointly and severally liable to MCC for any deficiency remaining after the Collateral is exhausted and expressly agrees that recourse may be had against Borrower's separate property for all of the Indebtedness. All expenses incurred by MCC in the collection of Borrower's deficiency shall become a part of Borrower's Indebtedness and shall be paid to MCC by Borrower upon demand.
- 16 Borrower Acknowledgment:**
- Borrower has read and understands this Agreement and is aware of the nature and extent of Borrower's rights and the risks involved under this Agreement.

**Borrower's Account with MCC is self-directed. This means Borrower makes and is responsible for all decisions for his or her account. Any reliance by Borrower upon recommendations or suggestions by a MDC representative or upon any written material in making a decision to enter into a transaction does not relieve Borrower of Borrower's responsibility for that transaction and its outcome. If Borrower ever believes that a loan transaction has been entered for Borrower's account with MCC that has not been authorized by Borrower, or that a transaction has been accepted by MCC for Borrower's Account and has not been executed by MCC, Borrower will immediately notify Borrower's MDC Account Representative's**

Supervisor or MCC's Compliance Department by phone at (949) 752-1400 or (800) 949-4653 and immediately confirm such notification in writing to MCC at 4910 Birch Street, Newport Beach, California 92660. If Borrower fails to make such notification by the tenth business day following the date on which the event first became known to Borrower, Borrower waives all right to contest such transaction or omission and Borrower's account will stand, as is, as of the end of such business day.

Transactions subject to this Agreement are commercial financing and commodity borrowing transactions with MCC and are not subject to regulation by the Commodity Futures Trading Commission or the National Futures Association. MCC is not a fiduciary and does not owe Borrower any fiduciary duty.

In purchases of commodities on credit or borrowing commodities, it is possible for the Borrower to lose substantially more than the amount of the payments or deposits Borrower has made.

At times, Borrower may be called upon to deposit substantial additional collateral with MCC to secure the obligations of Borrower to MCC. It is possible for some or all of the Collateral in Borrower's account to be foreclosed upon without prior notice to Borrower.

MCC will rely upon instructions and orders given by Borrower over the telephone. It is the practice of the industry that such orders and instructions are binding.

In times of highly volatile markets, MCC phone lines may be busy due to the volume of calls. It is also possible for telephone lines to fail for reasons beyond MCC's control. Because of this, Borrower is advised and will be responsible to have alternative methods to communicate with MCC (e.g., e-mail, courier messenger service, etc.) should it become necessary to do so.

It is Borrower's responsibility to monitor Borrower's account and to maintain adequate equity. Do not wait to be contacted.

Any representations that Borrower will be notified or that Borrower's collateral will be liquidated or that commodity will be bought to satisfy Borrower's borrowed commodity obligations, at particular price levels, are not authorized by MCC and may not be relied upon by Borrower.

The following is important information about the owning of a specific commodity (collateral) against which Borrower has borrowed funds while Borrower concurrently owes commodity which Borrower has borrowed and has an obligation to deliver, (sometimes called a "hedge"). Hedges can be in the same commodity (called like-to-like hedges) or in different commodities (called cross-product hedges):

a. While in place, changes in the market value of the commodity Borrower owes will (in a like-to-like hedge) or may (in a cross-product hedge) be offset by changes in the market value of the commodity Borrower owns. Borrower will, however, incur interest (finance) charges, lease fees and

service fees and be subject to calls for additional collateral and the possibility of foreclosure upon some or all of the collateral in Borrower's account.

b. Prior to entering into a hedge of the same commodity, Borrower should seriously consider the alternatives of doing nothing or liquidating Borrower's existing position.

c. Borrower may satisfy Borrower's obligation to deliver the commodities borrowed with an equal quantity of the identical commodity that Borrower already owns without any handling and delivery charges or any additional commission or spread costs.

d. Entering into a hedge in the same commodity is probably in Borrower's economic interest only if Borrower believes the market will move against Borrower's existing position, and Borrower does not wish to close out the position and realize Borrower's existing gains or losses. Entering into a hedge in a different commodity is probably in Borrower's economic interest only if Borrower believes that changes in the market values of the two commodities relative to one another will be to Borrower's benefit.

Any interest earned on funds deposited with MCC to secure borrowing of commodities by Borrower shall inure to the benefit of MCC. While MCC may, at its sole discretion, pass through a portion of such interest to Borrower, Borrower acknowledges that MCC has no obligation to do so.

If, at any time, Borrower finances the purchase of commodities through MCC and Borrower concurrently borrows commodities from MCC, any funds or commodities received by MCC as payment or security in Borrower's MCC account shall first be applied to any outstanding balance for commodities financed and only upon satisfaction of such balance as security for the commodities borrowed.

**If you have any questions or need any information, call your Account Representative immediately. If he or she is not available, call his or her Back-Up Account Representative or Sales Director.**

17 **Utilizing Other Dealers.** If at any time, Borrower wishes to sell Borrower's commodities to a person or dealer other than MDC, MCC will, upon written or verbal request from Borrower, confirm to such person or dealer the quantity and description of the commodities owned by Borrower and Borrower's loan balance owing to MCC. Upon payment of Borrower's loan balance and any applicable delivery charges, MCC will deliver Borrower's commodities to such person or dealer as authorized in writing by Borrower. If such person or dealer wishes to acquire title to Borrower's commodities at Bank, and assume Borrower's loan balance, such person or dealer must properly execute and submit a Purchase and Sale Agreement to MDC and a Loan, Security and Storage Agreement to MCC. Upon receipt of such agreements, MCC will direct Bank to transfer title of Borrower's commodities from Borrower to such person or dealer. This service offers Borrower the opportunity to sell Borrower's commodities to another buyer during times when MDC is not making a market or when the price offered by another buyer is more attractive to Borrower than MDC's price.

If, at any time, Borrower wishes to return commodities which Borrower has borrowed from MCC and plans to purchase such commodities from a person or dealer other than MDC, MCC will upon written or verbal request from Borrower, confirm to such person or dealer the quantity and description of the commodities owed MCC and the amount of Borrower's security deposit. MCC will, upon written authorization from Borrower, remit to such person or dealer all or any portion of the security deposit in Borrower's account following receipt of the borrowed commodities by MCC. This service offers the Borrower who does not have possession of the borrowed commodity the opportunity to purchase such commodity from any source the Borrower deems most favorable.

**18 Assignment.** This Agreement inures to the benefit of MCC and its successors and assigns. Upon transfer of all or any part of the indebtedness, MCC may transfer its security interest in all or any part of the Collateral and shall be fully discharged from all liability with respect to the Collateral so transferred, and the transferee shall be vested with all the rights and powers of MCC with respect to such Collateral. Borrower may not assert against any such transferee any claim or defense Borrower has against MCC. MCC may, at any time, without notice to Borrower, assign all or any part of its rights and privileges under this Agreement to another party ("Lender") in exchange for financing. In the event MCC assigns its security interest under this Agreement in Borrower's Collateral to Lender, Borrower agrees that Lender may, at any time, at its election and sole discretion, without notice or demand to Borrower, sell, apply, set off or otherwise liquidate the Collateral. Borrower further agrees to hold Lender harmless from any claims asserted by Borrower arising out of any such sale, liquidation or set off of the Collateral by Lender. Borrower may not delegate or assign any obligations or rights hereunder without the prior written consent of a duly authorized officer of MCC, and any attempt at such delegation or assignment without such consent shall be void.

**19 Continuing Agreement.** This is a continuing agreement and all the rights, powers, and remedies hereunder shall apply to all past, present and future indebtedness of Borrower to MCC. This Agreement may be revoked only upon written notice to MCC given by each Borrower signing this Agreement and then only if at that time there is no indebtedness outstanding.

**20 Cumulative Rights.** The rights, powers and remedies given to MCC by this Agreement are cumulative and not exclusive of any other rights, powers and remedies MCC may otherwise have. All rights, powers and remedies given to MCC by virtue of the California Commercial Code or any other law of California or any other jurisdiction shall also be available to MCC. No forbearance, failure or delay by MCC in exercising any right, power or remedy under this Agreement shall be deemed to be a waiver thereof, or of any other right, power or remedy hereunder; nor shall any single or partial exercise of any right, power or remedy hereunder preclude any other further exercise thereof or of any other right, power or remedy hereunder. Each right, power and remedy of MCC hereunder shall continue in full force and effect until specifically waived in writing by MCC.

**21 Joint and Several Obligations.** All words used herein in the singular shall be deemed to have been used in the plural, and vice

versa, as appropriate, and the obligations and undertakings of Borrower hereunder shall be joint and several. Neither the discharge of any Borrower for any reason other than payment or other satisfaction in full of all indebtedness, nor any extension, forbearance, change in the annual percentage interest rate, or acceptance, release or substitution of Collateral or any impairment of MCC's rights, powers or remedies against one Borrower shall affect the liability or obligations of any other Borrower hereunder. Each Borrower waives any right to require MCC to proceed against one Borrower before any other.

**22 Notices.** All communications required or permitted hereunder shall be sent to MCC at 4910 Birch Street, Newport Beach, CA 92660, and to Borrower at the address set forth below his name on the Purchase and Sale Agreement between Borrower and MDC, or such other address subsequently provided to MCC by Borrower in writing. All communications from MCC to Borrower by mail shall be effective 48 hours after deposit in the United States mail, postage prepaid, or upon receipt, whichever is earlier; if hand delivered, when delivered to Borrower's address; if telephonic, at the time of such phone conversation or facsimile transmission; or if by e-mail, on the day of transmission.

**23 Force Majeure.** In the event of adverse conditions in the market or other factors beyond the control of MCC, including, but not limited to, acts of God, national emergencies, or adverse governmental actions, or suspension of trading of silver, gold, platinum or palladium futures contracts by U.S. commodity exchanges, the maximum time for delivery of a Borrower's commodities may be extended during the period of such circumstances and for a reasonable time thereafter. Also, in such instances, MCC may liquidate collateral, or purchase commodities in the case of a borrowed commodity without prior notice if it deems the collateral securing borrower's obligations under this Agreement to be inadequate. MCC will not be responsible for delays or failures in the transmission, receipt or execution of orders, payments, or information due to the incapacity or failure of computer, transmission or communication facilities which are beyond the control of MCC.

**24 Entire Agreement.** This Agreement constitutes the entire and whole Agreement among its parties and is intended as a complete and exclusive statement of the terms of their agreement. This Agreement may be amended only upon execution of a subsequent written agreement between the parties or upon Borrower's failure to object, within 10 days, to modifications contained in written material sent to Borrower by MCC. This Agreement shall supersede any oral representations between the parties.

**25 Individual Authority of Customer.** Any party signing this Agreement as Borrower is authorized to deal fully with the account opened hereunder. Any action taken by any such party shall be binding on all parties with an interest in that account. Each such party shall hold MCC harmless for relying hereon. All obligations of Borrower under this Agreement are joint and several.

**26 Electronic Recordation.** Borrower agrees that MCC may monitor and may electronically record all of part of any conversation between MCC or its employees and Borrower or his or her agents.



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**27 Bank Indemnification.** Borrower agrees that Bank may act upon any instructions from MCC concerning delivery, transfer, sale or disposition of commodities held by Bank on Borrower's behalf. Borrower further agrees to indemnify Bank from any liability to Borrower for actions taken by Bank in conformity with such instructions.

**28 Governing Law.** Except as otherwise provided under Section 30 hereof, this Agreement is entered into in accordance with and shall be governed by the laws of the State of California; provided that, if any California law shall dictate that the laws of another jurisdiction be applied in any proceeding, such California law shall be superseded by this paragraph and the remaining California laws shall nonetheless be applied in such proceeding.

**29 California Agreement; Location of any Dispute Resolution is Orange County, California.** The formation of this Agreement constitutes the making of a contract in Orange County, California, notwithstanding the manner, timing or location of the delivery or receipt of the acceptance of this Agreement by either party hereto. The making of this contract will cause the following events, among others, to occur in Orange County, California: the solicitation and negotiation of this contract will have taken place and have been completed in Orange County, California; the contract will be executed in Orange County, California; MCC is located in Orange County, California; all deposits and payments made by Borrower will be delivered to and paid in Orange County, California; all cash advances and borrowed commodities transactions made by MCC will be made from and paid in Orange County, California; and statements of Borrower's account will be generated in and transmitted from Orange County, California. Borrower and MCC agree that Orange County, California is a mutually and reasonably convenient place for any arbitration or litigation hearing concerning disputes relating to Borrower's transactions with MCC or to this Agreement and all such proceedings shall be filed in Orange County, California.

### 30 Arbitration

**30.1 Arbitration of Claims.** The parties agree to submit any and all disputes, claims or controversies seeking damages in excess of \$50,000, arising out of or relating to any transactions with MCC or to the breach, termination, enforcement, interpretation, validity, enforceability or alleged unconscionability of any part of this Agreement to final and binding arbitration before JAMS, Inc. ("JAMS") or ADR Services, Inc. ("ADR"), or their successors, in Orange County, California. Notwithstanding Subsections 28 and 29 above, this agreement to arbitrate shall be subject to and governed by the Federal Arbitration Act.

**30.2 Additional Participants in this Agreement to Arbitrate.** All partners of MCC and their officers and directors, and all employees, representatives, agents and affiliates of MCC, past, present or future, are beneficiaries of, and participants in, this arbitration agreement. They will have the same rights and obligations under this arbitration agreement as the parties, to the extent that these arbitration agreement beneficiaries are named as respondents in any dispute, claim or controversy subject to or arising from this Agreement, or could have been so named.

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**30.3 Initiation of Arbitration.** Any party may commence the arbitration process by filing a written demand for arbitration with JAMS or ADR in Orange County, California, with a copy to the other party(ies). If Borrower would prefer a different arbitration forum than the one selected by MCC when it initiates a filing, Borrower must file Borrower's demand for arbitration with the alternative arbitration forum (either JAMS or ADR), with written notice to MCC, within 10 business days of receiving MCC's written demand for arbitration.

**30.4 Arbitration Rules and Fees.** Except as otherwise provided herein, the arbitration shall be conducted in accordance with the rules and procedures of the chosen arbitration forum in effect at the time of Borrower's execution of this Agreement. If JAMS is chosen, those rules shall be JAMS Comprehensive Arbitration Rules and Procedures; if ADR is chosen, those rules shall be the ADR Arbitration Rules. Those rules shall be referred to hereafter individually and collectively as the "Rules". The Rules shall apply regardless of the amount of the claims or cross claims in the proceeding. Discovery may be taken by the parties only in the manner prescribed by the Rules. In the discretion of the arbitrator(s), pre-arbitration conferences and hearings may be telephonic.

Borrower can find the Rules on JAMS' and ADR's Internet web sites: [www.jamsadr.com](http://www.jamsadr.com) and [www.adrservices.org](http://www.adrservices.org), respectively. Borrower can also obtain copies of the Rules and information concerning current administrative and arbitrator fees by calling JAMS at 800-352-5267 and ADR at 949-863-9800.

Borrower should review the JAMS Rules and the arbitration fees which the parties will be charged, as further discussed below in Section 30.9. Borrower should also be aware that arbitration fees change from time to time, and that arbitration fees at the time of any dispute may be higher than at the time that Borrower entered into this Agreement.

**30.5 Selection of Arbitrators.** The parties agree that a single arbitrator shall be selected to adjudicate all disputes unless otherwise provided for in this Agreement. The selection and replacement of an arbitrator or arbitrators shall be in accordance with the Rules of the selected arbitration forum, except that: i) each arbitrator shall be a retired judge of either the California Superior Court or a United States District Court located in California, and ii) any party may require a panel of three neutral arbitrators.

**30.6 Decision of the Arbitrator(s).** The arbitration shall be final, conclusive and binding on the parties and the award of the arbitrator(s) shall be enforceable in any court of competent jurisdiction.

### 30.7 Class and Representative Actions.

1. Borrower and MCC agree that each may bring claims against the other only in his/her/its individual capacity, and not as a plaintiff or class member in any purported class or representative proceeding.

2. If it is determined that Subsection 30.7.1 is unenforceable for any reason, and that a party's claims may proceed as a class or representative action, then the parties further agree that all

subsequent matters, including but not limited to, issues of class representation, class certification, class notice and a decision on the merits, shall be determined in arbitration before JAMS or ADR, as chosen by Borrower, according to the chosen arbitration organization's Rules and applicable procedures, and by an arbitration panel of three arbitrators selected in accordance with the provisions of Subsection 30.5 of this Agreement.

### 30.8 Allocation of Costs.

**a. Basic Arbitration Costs.** Each side (i.e., claimant(s) on the one hand and respondent(s) on the other) agrees that it will share equally in all arbitration organization administrative and arbitrator costs, (referred to in Paragraph 30.4 above) if only one arbitrator is used. Borrower may petition the arbitrator to attribute all or a portion of Borrower's share of the administrative and arbitrator costs to MCC, if Borrower demonstrates to the arbitrator with documents and sworn deposition testimony that his financial means are insufficient to pay such costs.

**Except as provided in Subsection 30.8.b., if any party insists on a three arbitrator panel, each side shall share equally in the arbitration provider's administrative fees, but the party requiring the panel shall pay all arbitrator fees.**

**b. Class and Representative Actions.** If it is determined that Subsection 30.7. is unenforceable and that claims subject to this Agreement shall proceed in arbitration as a class or representative action, the parties agree that each side will share equally all the arbitration organization's administrative costs and arbitrators' fees.

**c. Arbitration Costs. Borrower understands that Borrower's half of the arbitration costs can exceed \$4000 per day when a single arbitrator is selected. Borrower further understands that if Borrower selects a three arbitrator panel, Borrower bears all the arbitrator costs, which can exceed \$8,000 per arbitrator per day. Arbitrations generally involve a total of 4-7 days of arbitrator time.**

**30.9 Available Damages and Remedies.** The parties agree that the damages available to any party under this Agreement shall be limited to any actual contract damages and tort damages incurred by the party and proximately caused by and resulting from the other party's alleged acts. This paragraph states the exclusive damage remedies available to the parties. In all matters, each party shall be responsible for his, her or its own attorneys' fees.

**30.10 Waiver of Litigation Rights and Jury Trial.** By signing this Agreement, each party is agreeing to have all claims, disputes and controversies which arise out of, or relate to, Borrower's transactions with MCC or to this Agreement that seek damages in excess of \$50,000 decided by arbitration and is giving up any right to have such claims, controversies and disputes determined in a court of law by a judge or by a jury. If any party refuses to abide by the terms of this Agreement such party may be compelled to comply with its terms.

**30.11 Voluntary Agreement; Revocation.** Each party's agreement to arbitrate is voluntary. Borrower may revoke Borrower's agreement

to arbitrate under Section 30 by written notice delivered to MCC's Legal Department at 4910 Birch Street, Newport Beach, California within 60 days of Borrower's first transaction with MDC or MCC. MCC will confirm such revocation in writing to Borrower.

**31 Severability.** In the event that any provision of this Agreement shall be determined by an arbitrator to be unenforceable, such provision shall be unenforceable and the remainder of this Agreement shall remain binding upon the parties as if such provision was not contained herein.

**32 Obligations Due in U.S. Currency.** Borrower shall pay all monetary obligations owing under this Agreement in the currency of the United States of America.

**33 Tax Treatment.** MCC does not offer advice on the tax treatment of the various fees paid or charged or the gains or losses relative to transactions and holdings in an Atlas Account. Borrower must consult with his or her personal tax advisor with respect to such matters.

**34 Notification of Statement Errors:** If you think your account statement or online account status contains an error, or if you need more information about a transaction on your statement, write MCC's Compliance Department, giving the following information: the amount of the suspected error, and a description of the error and an explanation of why you believe there is an error. If you need more information, describe the item you believe is erroneous. In order for you to preserve your rights, MCC must hear from you in writing no later than 60 days after it sent you the first statement on which the error or problem appeared. MCC will acknowledge your letter within 30 days, unless it has corrected the error by then. Within 90 days, MCC will either correct the error or explain why it believes the statement is correct. You do not have to pay any amount in question while MCC is investigating, but you are still obligated to pay the other parts of your statement that are not in question. While MCC investigates your question, it will continue to charge your account for the amount in question, including finance charges, but it will not take action to collect the amount in question. If MCC finds that it has made a mistake on your statement, you will not have to pay any interest charges relative to the questioned amount. If MCC did not make a mistake, you are obligated to pay all amounts charged to your account when due.

**35 Online Account Access and Monitoring:** Online access to Borrower's account is available upon registration. Borrower is encouraged to access Borrower's account online and to monitor the current value of Borrower's collateral and equity which are updated several times during the business day. Records of confirmations and monthly statements are available for review and printing. If at any time Borrower believes the account information is incorrect, Borrower is required to immediately notify the MDC Compliance Department. Borrower's failure to make such notification within ten (10) business days will waive Borrower's rights to later contest such incorrectness.

36 **AS BORROWER, I REAFFIRM MY UNDERSTANDING AND ACKNOWLEDGE THAT:**

a. I am of legal age and/or legally competent to enter into this Agreement.

b. All loans of funds and commodities I receive from MCC shall be for investment or other commercial purposes and not for any personal, family, household or other consumer purposes. (See Sec. 1)

c. Purchasing commodities on credit and the borrowing of commodities involve a high degree of risk. (See Sec. 3)

d. I must maintain equity in my account at or above the minimum maintenance level. I anticipate being called upon by MCC to restore equity in my account. If I do not meet an equity call within the time required, MCC may foreclose upon the collateral which I have pledged as security. (See Sec. 3)

e. If at any time the equity in my account falls below 50% of MCC's minimum maintenance level, MCC has the right, but not the obligation, to foreclose upon my collateral without prior notice even if an equity call is in effect. (See Sec. 11)

f. In purchasing commodities on credit or borrowing commodities it is possible for me to lose substantially more than the amount of payments or deposits I have made. I understand that I will lose money unless the value of the commodities I purchase or borrow moves sufficiently in price to compensate me for commissions, bid/ask spreads, service charges, interest (finance) charges and lease charges. (See Sec. 16)

g. Entering into a hedge in the same commodity is in my interest only if I believe market prices will move against my existing position and I do not wish to close that position and realize my gains or losses. Entering into a hedge in different commodities is in my interest only if I believe that price changes in the market values of the commodities relative to one another will be sufficient to exceed the transaction costs of entering into and maintaining the hedge. (See Sec. 16)

h. I understand there are no assurances or guarantees by MCC or its representatives as to the future value of the commodities I purchase, borrow or sell.

i. If I believe that a transaction has not been authorized by me, or has not been executed by MCC as I directed, I will immediately notify MCC's Compliance Department. I waive all rights to contest such transaction or omission if I fail to make such notification within 10 business days after such event first becomes known to me. (See Sec. 16)

j. I am solely responsible for all purchasing, selling and borrowing decisions for my account. Any reliance upon recommendations or suggestions by a Monex representative or upon any written material in making my decision to enter into a transaction does not relieve me of my responsibility for that transaction and its outcome. (See Sec. 16)

k. I will not rely on MCC or its employees to provide any duties to me beyond the contractual duties contained in this Agreement. Neither MCC nor its employees owe me any fiduciary duty. MCC gains revenue from my borrowings and, as such, I will borrow funds to make purchases and borrow commodities only when I believe it is in my own best interest.

l. Since my account is self directed, I am responsible for all purchase, sale and borrowing decisions, and I will not hold MCC responsible for any losses that I incur, absent their breach of the obligations and duties owed to me under this Agreement. (See Sec. 16)

m. I voluntarily agree to submit all disputes, claims or controversies that seek damages in excess of \$50,000 which arise out of, or relate to, my transactions with MCC to final and binding arbitration before JAMS, Inc. ("JAMS") or ADR Services, Inc. ("ADR"), and to give up my rights to a jury, unless I have revoked my agreement to arbitrate within 60 days of my first transaction with MDC or MCC (See Section 30.10)

I have determined in my own mind that I am financially, intellectually and emotionally suitable to enter into the transactions which are the subject of this Agreement and able to accept the risks and to meet the financial commitments being made.

\_\_\_\_\_  
Borrowers Name(s) (Print)

X

\_\_\_\_\_  
Borrower Signature

\_\_\_\_\_  
Date

X

\_\_\_\_\_  
Borrower Signature

\_\_\_\_\_  
Date

**AUTHORIZATION TO TRANSFER FUNDS**

I hereby authorize Monex Deposit Company and Monex Credit Company to transfer excess funds that I hold in any account with either of those companies to any other account that I hold with those companies, without further authorization or notice necessary, to prevent or meet a call for additional collateral, or prevent a default, to pay for, collateralize or finance any cash purchase or borrowed commodity transaction that I have made, or to pay monthly service charges, delivery fees and handling costs in any of my accounts with those companies.

This authorization shall remain in effect until revoked or modified by the undersigned in writing.

\_\_\_\_\_  
Customer Name(s) (Print)

X

\_\_\_\_\_  
Customer Signature

\_\_\_\_\_  
Date

X

\_\_\_\_\_  
Customer Signature

\_\_\_\_\_  
Date

Monex Credit Company - For Official Use Only

By: \_\_\_\_\_

\_\_\_\_\_  
Date

**THE CALIFORNIA COMMISSIONER OF CORPORATIONS DOES NOT EXPRESS ANY OPINION REGARDING THE INVESTMENT ASPECTS OF THE TRANSACTIONS COVERED BY THESE AGREEMENTS. FOR INFORMATION REGARDING THE FINANCING TRANSACTION, CONTACT THE DEPARTMENT OF CORPORATIONS. CASH ADVANCES BY MONEX CREDIT COMPANY ARE MADE PURSUANT TO A CALIFORNIA DEPARTMENT OF CORPORATIONS FINANCE LENDERS LICENSE.**

MONEX COMPANY PRECIOUS METALS TRANSACTIONS  
 VERBAL REVIEW SUMMARY

Before you enter into an Atlas Account transaction with Monex Deposit Company or Monex Credit Company, your Account Representative will summarize certain salient points by reading the following summary to you over the phone. This review will be recorded. If you have any questions, we encourage you to discuss them with your Account Representative before any order is placed.

TRANSCRIPT OF RECORDING FOR YOUR RECORDS

This is \_\_\_\_\_, with my customer  
(Account Representative)

\_\_\_\_\_  
(Customer's full name)

As I have previously mentioned to you, I would like to review some important points relating to precious metals transactions. And, as I stated, my review is being recorded. Is that all right?

You have indicated to me that you have received and read the Monex Deposit Company Purchase and Sale Agreement and the Monex Credit Company Loan, Security and Storage Agreement and agree to be bound by their terms. Is that correct? You also understand that no person is authorized to make any representations which conflict with those documents or any other official Monex company documents which you have received or will receive. Is that also correct? Now I'd like to cover some of the points we've talked about which will apply to precious metals transactions with Monex Deposit Company and Monex Credit Company.

1. There are no assurances or guarantees by the Monex companies or their representatives as to the future value of the precious metals you purchase, borrow or sell. Although we hope your transactions will be profitable, no one can guarantee a profit or that you will not incur a loss. In Atlas Account transactions, it is possible to lose substantially more than one's initial and subsequent payments.
2. Because of the risk, you should carefully consider whether precious metals transactions are consistent with your investment goals and financial capabilities.
3. When you purchase precious metals from Monex Deposit Company and remit only a portion of the purchase price, you will be borrowing funds from Monex Credit Company in order to fully pay for the purchase. As such, a decline in the market price of your metals may require you to remit substantial additional funds to reduce your loan.
4. When you borrow or lease precious metals from Monex Credit Company, an increase in their market price may require you to remit substantial funds to your account.
5. Precious metals transactions can involve commissions, finance and storage charges, lease fees, bid/ask spreads, handling and delivery charges.
6. If the equity in your Atlas loan account ever falls below one-half the minimum required level, Monex Credit Company has the right, but not the obligation, without prior notice, to liquidate all or a portion of the collateral held as security for such loans and to purchase precious metals to meet your commodity loan obligations. This may be done whether or not a demand for additional payment has been issued. This provision is for the mutual protection of both you and Monex.
7. Monex companies act as principals in their transactions with customers. Monex prices may differ from those on commodity exchanges or other markets.
8. Account Representatives are prohibited from accepting discretionary orders. This means that your account is self-directed and that you are solely responsible for all transaction decisions. Any reliance upon recommendations or suggestions by a Monex representative or upon any written material in making your decision to enter into a transaction does not relieve you of your responsibility for that transaction and its outcome.
9. It is your responsibility to monitor your account and to stay in touch with your Account Representative.
10. If any questions should arise concerning your account, you may contact:  
 \_\_\_\_\_(My Backup Account Representative)  
 \_\_\_\_\_(My Sales Director)
11. All monthly statements and written confirmations will be mailed to you at: (Account Representative will state customer's current mailing address). Is that address correct?
12. Appropriate funds must be postmarked or wired within 24 hours of placing an order. Do you understand that policy, \_\_\_\_\_?  
(Customer Name)

This brief review does not cover all of the significant aspects associated with precious metals transactions with Monex Deposit Company and Monex Credit Company. It is intended only to remind you of some of the more important ones. This covers my summary. Thank you.

