

Penny Stock Risk Disclosure Document

IMPORTANT INFORMATION ON PENNY STOCKS

This statement is required by the U.S. Securities and Exchange Commission (SEC) and contains important information on penny stocks. You are urged to read it before making a purchase or sale.

Penny stocks can be very risky.

- Penny stocks are low-priced shares of small companies not traded on an exchange or quoted on NASDAQ. Prices often are not available. Investors in penny stocks often are unable to sell stock back to the dealer that sold them the stock. Thus, you may lose your investment. Be cautious of newly issued penny stock.
- Your salesperson is not an impartial advisor but is paid to sell you the stock. Do not rely only on the salesperson, but seek outside advice before you buy any stock. If you have problems with a salesperson, contact the firm's compliance officer or the regulators listed below.

Information you should get.

- **Before you buy penny stock:** (Effective January 1, 1993) federal law requires your sales person to tell you the "offer" and the "bid" on the stock, and the "compensation" the salesperson and the firm receive for the trade. The firm also must mail a confirmation of these prices to you after the trade.
- You will need this price information to determine what profit, if any, you will have when you sell your stock. The offer price is the wholesale price at which the dealer is willing to sell stock to other dealers. The bid price is the wholesale price at which the dealer is willing to buy the stock from other dealers. In its trade with you, the dealer may add a retail charge to these wholesale prices as compensation (called a "markup" or "markdown")
- The difference between the bid and offer price is the dealer's "spread." A spread that is large compared with the purchase price can make a resale of a stock very costly. To be profitable when you sell, the bid price of your stock must rise above the amount of this spread and the compensation charged by both your selling and purchasing dealers. If the dealer has no bid price, you may not be able to sell the stock after you buy it, and may lose your whole investment.

Brokers' duties and customer's rights and remedies

- If you are a victim of fraud, you may have rights and remedies under state and federal law. You can get the disciplinary history of a salesperson or firm from the NASD at 1-800-289-9999, and additional information from your state securities official, at the North American Securities Administrators Association's central number: (202) 737-0900. You also may contact the SEC with complaints at (202) 272-7440.

YOUR RIGHTS

Disclosures to you. Under penalty of federal law, (effective January 1, 1993) your brokerage firm must tell you the following information at two different times – before you agree to buy or sell a penny stock, and after the trade, by written confirmation:

- The bid and offer price quotes for penny stock and the number of shares to which the quoted prices apply. The bid and offer quotes are the wholesale prices at which dealers trade among themselves. These prices give you an idea of the market value of the stock. The dealer must tell you these price quotes if they appear on an automated quotation system approved by the SEC. If not, the dealer must use its own quotes or trade prices. You should calculate the spread, the difference between the bid and offer quotes, to help decide if buying the stock is a good investment. A lack of quotes may mean that the market among dealers is not active. It thus may be difficult to resell the stock. You also should be aware that the actual price charged to you for the stock may differ from the price quoted to you for 100 shares. You should therefore determine, before you agree to a purchase, what the actual sales price (before the markup) will be for the exact number of shares you want to buy.
- The brokerage firm's compensation for the trade. A markup is the amount a dealer adds to the wholesale offer price of the stock and a markdown is the amount it subtracts from the wholesale bid price of the stock as compensation. A markup/markdown usually serves the same role as a broker's commission on a trade. Most of the firms in the penny stock market will be dealers, not brokers.
- The compensation received by the brokerage firm's salesperson for the trade. The brokerage firm must disclose to you, as a total sum, the cash compensation of your salesperson for the trade that is known at the time of the trade. The firm must describe in the written confirmation the nature of any other compensation of your salesperson at the time of the trade. In addition to the terms listed above, your brokerage firm must send you:

- Monthly account statements. In general, (effective January 1, 1993) your brokerage firm must send you a monthly statement that gives an estimate of the value of each penny stock in your account, if there is enough information to make an estimate. If the firm has not bought or sold any penny stocks for your account for six months, it can provide these statements every three months.

- A written Statement of Your Financial Situation and Investment Goals. In general, unless you have had an investment account with your brokerage for more than one year, or you have previously bought three different penny stocks from that firm, your brokerage must send you a statement for you to sign that accurately describes your financial situation, your investment experience, and your investment goals, and that contains a statement of why your firm decided that penny stocks are a suitable investment for you. The firm also must get your written consent to buy the penny stock.

Legal Remedies. If penny stocks are sold to you in violation of your rights listed above, or other federal or state securities laws, you may be able to cancel your purchase and get your money back. If the stocks are sold in a fraudulent manner, you may be able to sue the persons and firms that caused the fraud for damages. If you have signed an arbitration agreement, however, you may have to pursue your claim through arbitration. You may wish to contact an attorney. The SEC is not authorized to represent individuals in private litigation.

However, to protect yourself and other investors, you should report any violations of your brokerage firm's duties listed above to the SEC, the NASD, or your state securities administrator at the telephone numbers on the second page of this document. These bodies have the power to stop fraudulent and abusive activity of salespersons and firms engaged in the securities business. Or you can write to the SEC at 450 Fifth St. N.W., Washington, D.C., 20549; the NASD at 1735 K Street, N.W., Washington, D.C., 20006; or the NASAA at 555 New Jersey Avenue, N.W., Suite 750, Washington, D.C., 20001. NASAA will give you the telephone number of your state's securities agency. If there is any disciplinary record of a person or firm, the NASD, NASAA, or your state securities regulator will send you this information if you ask for it.

Suitability of Determination

Dear Customer:

Based on the information provided in application, regarding your financial situation, investment objectives, and investment experience, for the reasons set forth below, we have determined that transactions in Designated Securities ("Penny Stocks") are suitable for you. In addition, we have determined that you have sufficient knowledge and experience in financial matters to be capable of evaluation the risks of transactions in Designated Securities ("Penny Stocks"). The following analysis is the basis for this evaluation: (MUST BE COMPLETED)

Signature of Principal of Firm

Date

UNDER SECURITIES AND EXCHANGE COMMISSION RULE 15c2-6, IT IS UNLAWFUL FOR US TO EFFECT THE SALE OF DESIGNATED SECURITIES ("PENNY STOCKS") TO YOU UNLESS WE HAVE RECEIVED FROM YOU, PRIOR TO THE TRANSACTION, A WRITTEN AGREEMENT TO THE TRANSACTION.

WE ARE REQUIRED TO PROVIDE YOU WITH THIS STATEMENT AS TO THE SUITABILITY OF TRANSACTIONS IN DESIGNATED SECURITIES FOR YOU. PLEASE READ IT VERY CAREFULLY. YOU SHOULD NOT SIGN AND RETURN THIS STATEMENT IF IT DOES NOT ACCURATELY REFLECT YOUR FINANCIAL SITUATION, INVESTMENT OBJECTIVES, AND INVESTMENT EXPERIENCE, OR IF YOU DO NOT UNDERSTAND THE BASIS SET FORTH ABOVE, OF OUR DETERMINATION THAT TRANSACTIONS IN DESIGNATED SECURITIES ("PENNY STOCKS") ARE SUITABLE FOR YOU.

I have been provided with the "penny stock risk disclosure document" and I have been informed by Wyse Securities of the inherent risks of investing with penny stocks. I am aware that I am at risk of losing my entire investment capital.

Thank you,

Signature of Customer(s)

Date

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However, to protect yourself and other investors, you should report any violations of your brokerage firm's duties listed above to the SEC, the NASD, or your state securities administrator at the telephone numbers on the second page of this document. These bodies have the power to stop fraudulent and abusive activity of salespersons and firms engaged in the securities business. Or you can write to the SEC at 450 Fifth St. N.W., Washington, D.C., 20549; the NASD at 1735 K Street, N.W., Washington, D.C., 20006; or the NASAA at 555 New Jersey Avenue, N.W., Suite 750, Washington, D.C., 20001. NASAA will give you the telephone number of your state's securities agency. If there is any disciplinary record of a person or firm, the NASD, NASAA, or your state securities regulator will send you this information if you ask for it.

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I have been provided with the "penny stock risk disclosure document" and I have been informed by Wyse Securities of the inherent risks of investing with penny stocks. I am aware that I am at risk of losing my entire investment capital.

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