



PENNY STOCK TRADING RISK DISCLOSURE

Important Information on Penny Stocks

The U.S. Securities and Exchange Commission (SEC) requires your broker to give this statement to you, and to obtain your signature to show that you have received it, before your first trade in a penny stock. This statement contains important information — and you should read it carefully before you sign it, and before you decide to purchase or sell a penny stock.

In addition to obtaining your signature, the SEC requires your broker to wait at least two business days after sending you this statement before executing your first trade to give you time to carefully consider your trade.

Penny stocks can be very risky.

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

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

The securities you are considering have not been approved or disapproved by the SEC. Moreover, the SEC has not passed upon the fairness or the merits of this transaction nor upon the accuracy or adequacy of the information contained in any prospectus or any other information provided by an issuer or a broker or dealer.

Information you should get.

In addition to this statement, your broker is required to give you a statement of your financial situation and investment goals explaining why his or her firm has determined that penny stocks are a suitable investment for you. In addition, your broker is required to obtain your agreement to the proposed penny stock transaction.

Before you buy penny stock, federal law requires your salesperson 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 send a confirmation of these prices to you after the trade. You will need this price information to determine what profit or loss, 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 the 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.

Remember that 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.

After you buy penny stock, your brokerage firm must send you a monthly account 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.

Additional information about low-priced securities – including penny stocks – is available on the SEC’s Web site at <http://www.sec.gov/investor/pubs/microcapstock.htm>. In addition, your broker will send you a copy of this information upon request. The SEC encourages you to learn all you can before making this investment.

Brokers’ duties and customer’s rights and remedies.

Remember that your salesperson is not an impartial advisor – he or she is being paid to sell you stock. Do not rely only on the salesperson, but seek outside advice before you buy any stock. You can get the disciplinary history of a salesperson or firm from FINRA at 1-800-289-9999 or contact FINRA via the Internet at www.finra.org. You can also get additional information from your state securities official. The North American Securities Administrators Association, Inc. can give you contact information for your state. You can reach NASAA at (202) 737-0900 or via the Internet at www.nasaa.org.

If you have problems with a salesperson, contact the firm’s compliance officer. You can also contact the securities regulators listed above. Finally, if you are a victim of fraud, you may have rights and remedies under state and federal law. In addition to the regulators listed above, you also may contact the SEC with complaints at (800) SEC-0330 or via the Internet at <https://tts.sec.gov/oiea/Complaint.html>.

J H Darbie & Co., Inc.

Dear

Pursuant to SEC Rule 15g-2 of the Securities Enforcement Remedies and Penny Stock Reform Act of 1990, we are obligated to provide you with the enclosed Risk Disclosure Document prior to effecting any transaction involving any Penny Stock, not qualifying for an exemption to the “G” Rules. Kindly acknowledge your receipt of this document by signing the form where indicated and returning it to me. Please be advised that this document does not obligate you to liquidate any securities in your account immediately, but rather, insures no delay in processing a future request. Please contact your Account Executive if you have any questions regarding this matter.

Your cooperation in this matter is greatly appreciated.

Very Truly yours,

Customer Service
J H Darbie & Co., Inc.

I hereby acknowledge that I have received a copy of the Penny Stock disclosure Document.

Client Name: _____

Account Number: _____

Client Signature: _____ Date: _____

Suggested Customer Suitability Statement and Agreement to Purchase Form

J H Darbie & Co., Inc.

CUSTOMER SUITABILITY STATEMENT (Required for Designated Securitiesⁱ)

I. Personal Informationⁱⁱ

Name _____ Account _____

Address _____

Soc. Sec. or Taxpayer ID# _____

Telephone: (Home) _____ (Business) _____

Marital status: ____ Single ____ Married Number of Dependents _____

Age _____

Occupation _____ Position _____

Employer _____

Address _____

Length of Time Employed (If less than two years, provide name of previous employer.) _____

Highest Level of Education _____ Degree(s) _____

Annual Income: (check one)

____ Below \$20,000 ____ \$20,000 to \$50,000 ____ \$35,000 to \$50,000
____ \$50,000 to \$100,000 ____ \$100,000 to \$200,000 ____ Over \$200,000

Net Worth (excluding primary resident): (check one)

____ Below \$50,000 ____ \$50,000 to \$100,000 ____ \$100,000 to \$500,000
____ \$500,000 to \$1 million ____ Over \$1 million

Liquid Net Worth (cash, equity securities, bonds, etc.): (check one)

____ Below \$10,000 ____ \$10,000 to \$25,000 ____ \$25,000 - \$50,000
____ \$50,000 to \$100,000 ____ Over \$100,000

i. Generally, Designated securities are low-price securities of companies that have less than \$2 million in net tangible assets and are not listed on the NASDAQ or a national securities exchange located in the United States. Investments in designated securities are generally regarded as highly speculative in nature and could result in the loss of the customers entire investment.

ii. For joint accounts, a separate sheet containing the personal information requested in section I must be completed for each joint account holder.

Sources of Annual Income (as percentage of total income):

Employment Compensation _____ %

Investment Income _____ %

Other (please specify): _____ %

New Account? _____ Yes _____ No If no, date account opened _____

Source of Information for Section I above: (check one)

_____ Customer

_____ Other (please identify): _____

II. INVESTMENT OBJECTIVES AND EXPERIENCE

Investment Objectives: (If more than one, give order of importance.)

_____ Income (Cash-generating, high dividend stocks and bonds)

_____ Growth (Long-term capital appreciation)

_____ Safety of Principal/Income (Protection of investment plus income)

_____ Safety of Principal/Growth (Protection of investment plus growth)

_____ Speculation (High risk of loss)

_____ Other (please specify): _____

Investment Experience:

Years of
Experience

Trading
Frequency

Type of Account
Cash/Margin

Dollar Amount of
Average Trade

Non-NASDAQ/nonexchangeⁱⁱⁱ
stocks priced less than \$5 per
share

Other stocks priced less than
\$5 per share

Stocks (other than above)

Option

Bonds

Commodities

Other (please specify): _____

Source of Information for Section II above: (check one)

_____ Customer

_____ Other (please identify): _____

ⁱⁱⁱThis category refers to low-priced securities traded on the OTC Bulletin Board, in the "Pink Sheets," or any other interdealer quotation medium since those securities are traded on a securities exchange (such as the New York Stock Exchange, American Stock Exchange, etc) nor on NASDAQ.

III. INVESTMENT ADVISOR (If not applicable, check here ____.)

If there is no Investment Advisor for this account, check the box above and proceed to Section IV below. If you have retained an independent advisor to assist you in evaluation of the purchase of designated securities in this account, please provide the following information:

Name of Adviser _____

Business Address _____

Business Telephone _____

Credential/Experience (to extent known by customer) _____

Length of Time Advisor Has Advised Customer _____

IV. OTHER INFORMATION

Customer may provide any other information he or she deems relevant to his or her financial status, investment objective, or investment experience. Attach additional sheets if necessary.

V. SUITABILITY DETERMINATION

Dear Customer:

Based on the information provided in Sections I through IV above, regarding your financial situation, investment objectives, and investment experience, for the reasons set forth below, we have determined that transactions in Designated Securities are suitable for you. In addition, we have determined that you have sufficient knowledge and experience in financial matters of evaluating the risks of transactions in Designated Securities. 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 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 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, OUR DETERMINATION THAT TRANSACTIONS IN DESIGNATED SECURITIES ARE SUITABLE FOR YOU.

Signature of Customer(s)

Date

Signature of Customer(s)

Date

Comments: _____

Note: The firm must have the original copy of this form before it can effect transactions in designated securities, or an electronic signature may be acceptable.