

This form must be completed for each new bond and at each premium anniversary. If more space is needed to answer any of the questions contained herein, attach additional sheets.

**APPLICATION FOR A  
FINANCIAL INSTITUTION BOND, STANDARD FORM NO. 14**

Application is hereby made by \_\_\_\_\_

(List all Insureds, including Employee Benefit Plans)

Principal Address \_\_\_\_\_ (herein called Insured)  
 (No.) (Street) (City) (State) (Zip Code)

for a \_\_\_\_\_ **Financial Institution Bond, Standard Form No. 14**, to become effective as of  
 (primary, excess, concurrent, co-surety, coinsured)

12:01 a.m. on \_\_\_\_\_ to 12:01 a.m. on \_\_\_\_\_ in the Aggregate Limit of Liability of \$ \_\_\_\_\_

Date Insured was established \_\_\_\_\_ Name of prior carrier \_\_\_\_\_

1. Insured is a (check the appropriate box):

Stock Broker  , Investment Banker  , Dealer in Securities (not Dealer in Mortgages or Commercial Paper)  ,  
 Investment Trust (not Small Business Investment Company or Real Estate Investment Trust)  , Mutual Fund  , Foundation  ,  
 Endorsement Fund  , Commodity Broker (if Stock Exchange member)  , Other  \_\_\_\_\_

2. Insured is a (check the appropriate box): Sole Proprietorship  , Partnership  , Corporation

3. List exchanges which you are a member of:

Name	Name
_____	_____
_____	_____

4. Are you a member of the National Association of Securities Dealers, Inc.?.....Yes  No

5. For all Insureds, show the total number of:

- |   | <u>No. of</u> |
|---|---------------|
| (a) Salaried officers, employees, retained attorneys and persons provided by employment contractors.....                  | _____         |
| (b) NASD Registered Representatives (other than those counted in (a) above)   | _____         |
| (c) Locations (other than the Home Office of the first Named Insured) in the U.S., Canada, Puerto Rico and Virgin Islands | _____         |
| (d) Locations outside the U.S., Canada, Puerto Rico and Virgin Islands, list below:                                       |               |

Location	Location
_____	_____
_____	_____
_____	_____

6. Complete the following:

	<u>Total Assets</u>
(a) As of latest Dec. 31.....	\$ _____
(b) As of latest June 30.....	\$ _____

7. Complete the following for optional coverages desired:

Form of Coverage	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<u>Single Loss Limit</u>
(a) Is Insuring Agreement (D) - Forgery or Alteration Coverage desired?...	Yes <input type="checkbox"/>	No <input type="checkbox"/>	.....\$ _____
(b) Is Insuring Agreement (E) - Securities Coverage desired?.....	Yes <input type="checkbox"/>	No <input type="checkbox"/>	.....\$ _____

7. Complete the following for optional coverages desired (cont'd)

(c) Is Extortion -- Threats to Persons Coverage desired? ..... Yes  No  Single Loss Limit  
 \$ \_\_\_\_\_

If "Yes", list below locations to be excluded:

<u>Location</u>	<u>Location</u>

(d) Is Extortion-Threats to Property Coverage desired?..... Yes  No  .....\$ \_\_\_\_\_ Single Loss Limit

If "Yes", list below locations to be excluded:

<u>Location</u>	<u>Location</u>

(e) Is Computer Systems Fraud Coverage desired? .....Yes  No  Single Loss Limit  
 \$ \_\_\_\_\_

If "Yes", complete the following:

(1) Insured's Computer System(s)

For the Computer System(s) you operate, whether owned or leased, complete the following:

a) Number of independent software contractors authorized to design, implement or service programs for your System(s) \_\_\_\_\_

b) Is access to your System(s) by customers or other outside parties permitted? ..... Yes  No

(2) Other Computer Systems

List below other Computer Systems for which coverage is desired:

Computer System(s)


(f) Is coverage desired on business engaged in the data processing of your checks or other accounting records? .....Yes  No

If "Yes", list below the name and location of each data processor:

<u>Name &amp; Location</u>	<u>Name &amp; Location</u>

(g) If you are a partnership, is coverage desired on your partners?.....Yes  No  .....\$ \_\_\_\_\_ Single Loss Limit

If "Yes", list below the name of each partner:

<u>Name</u>	<u>Name</u>

8. Are you a direct participant in a depository for the central handling of securities?.....Yes  No

If "Yes", list below the name and location of each depository:

<u>Name &amp; Location</u>	<u>Name &amp; Location</u>

9. For deductibles, complete the following: ( NOTE: Deductibles on Insuring Agreements (D) and (E) must be at least equal to that carried on the Basic Bond Coverage. Deductibles on Extortion Coverage may be written in any amount. )

<u>Coverage</u>	<u>Single Loss Deductible</u>
(a) All coverages except Insuring Agreements (D), (E) and Extortion.....	\$ _____
(b) Insuring Agreement (D) - Forgery or Alteration.....	\$ _____
(c) Insuring Agreement (E) - Securities.....	\$ _____
(d) Extortion - Threats to Persons.....	\$ _____
(e) Extortion - Threats to Property.....	\$ _____

10. If coverage is being written on an excess, concurrent or co-surety basis, show the names of the other carriers and bond limits. In case of co-surety also show percentage participations: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

11. If coverage is being written on a coinsurance basis, show your percentage participation: \_\_\_\_\_ % ( NOTE ): Insureds may assume a participation of between 5% and 25%. )

12. Are accounts insured by the Securities Investors Protection Corporation?.....Yes  No

13. AUDIT PROCEDURES:

(a) Is there an annual  , or semi-annual  , audit by an independent CPA?----- Yes  No

(b) If "Yes", is it a complete audit made in accordance with generally accepted auditing standards and so certified?---- Yes  No

(c) If the answer to (b) is "No", explain the scope of the CPA's examination \_\_\_\_\_  
 \_\_\_\_\_

(d) Is the audit report rendered directly to all partners if a partnership or to the Board of Directors if a corporation? Yes  No

(e) Name and location of CPA \_\_\_\_\_

(f) Date of completion of the last audit by CPA \_\_\_\_\_

(g) Is there a continuous internal audit by an Internal Audit Department? \_\_\_\_\_ Yes  No

(h) If "Yes", are monthly reports rendered directly to all partners if a partnership or to the Board of Directors if a corporation? \_\_\_\_\_ Yes  No

(i) Are money and securities actually counted and verified? \_\_\_\_\_ Yes  No

(j) Are the ledger balances to the credit of customers verified? \_\_\_\_\_ Yes  No

14. INTERNAL CONTROLS ( OTHER THAN AUDIT PROCEDURES ):

(a) Do you require annual vacations of at least two consecutive weeks for all personnel?.....Yes  No

If "No", explain: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

(b) Are bank accounts reconciled by someone not authorized to deposit or withdraw?.....Yes  No

If "No", explain: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

(c) Is countersignature of checks required?.....Yes  No

If "No", explain: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

(d) Are monthly statements ( whether or not there was activity in the account ) mailed directly to all customers?.....Yes  No

If "No", explain: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

15. Has there been any change in ownership or management within the past three years? ----- Yes  No   
 If "Yes", explain: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

16. Has any insurance been declined or canceled during the past three years? ----- Yes  No   
 If "Yes", explain: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

17. List all losses sustained during the past three years, whether reimbursed or not, from \_\_\_\_\_ to \_\_\_\_\_  
 (month, day, year) (month, day, year)  
 Check it none

Date of Loss	Type of Loss	Amount of Loss	Amount Recovered from Insurance	Amount Recovered from other than Insurance	Amount of Loss Pending	If Loss occurred at other than Main Office, state location
		\$	\$	\$	\$	

**The Insured represents that the information furnished in this application is complete, true and correct. Any misrepresentation, omission, concealment or incorrect statement of a material fact, in this application or otherwise, shall be grounds for the rescission of any bond issued in reliance upon such information.**

Dated: \_\_\_\_\_

\_\_\_\_\_  
 (Insured)

By \_\_\_\_\_  
 (Name and Title)

## **THIS WARNING IS PART OF YOUR APPLICATION, READ IT CAREFULLY**

### **GENERAL FRAUD AND STATE SPECIFIC FRAUD STATEMENTS**

The General Fraud Statement is applicable to all states except Alabama, Colorado, District of Columbia, Florida, Hawaii, Kansas, Maryland, Massachusetts, Minnesota, Nebraska, Ohio, Oklahoma, Oregon, Utah, Vermont and Washington. The State Specific Fraud Statements are also listed. Please read the Fraud Statement that is applicable for your State, and acknowledge receipt by signing below it (if required). Consult your agent if you have any questions about your application for the ERISA or Business Service Bond.

#### **GENERAL FRAUD STATEMENT (Applicable in all states except as listed below)**

Any person who knowingly and with intent to defraud any insurance company or another person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects the person to criminal and [NY: substantial] civil penalties. (Not applicable in AL, CO, DC, FL, HI, KS, MD, MA, MN, NE, OH, OK, OR, UT, VT or WA; in LA, ME, TN and VA, insurance benefits may also be denied.

#### **APPLICABLE IN DISTRICT OF ALABAMA – FRAUD STATEMENT**

Any person who knowingly and willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly and willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison

#### **APPLICABLE IN COLORADO – FRAUD STATEMENT**

It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policy holder or claimant for the purpose of defrauding or attempting to defraud the policy holder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.

#### **APPLICABLE IN DISTRICT OF COLUMBIA – FRAUD STATEMENT**

WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits, if false information materially related to a claim was provided by the applicant.

#### **APPLICABLE IN FLORIDA – FRAUD STATEMENT**

Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree

#### **APPLICABLE IN HAWAII – FRAUD STATEMENT**

For your protection, Hawaii law requires you to be informed that presenting a fraudulent claim for payment of a loss or benefit is a crime punishable by fines or imprisonment, or both.

#### **APPLICABLE IN KANSAS – FRAUD STATEMENT**

Any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act.

### **APPLICABLE IN MARYLAND - FRAUD STATEMENT**

Any person who knowingly and willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly and willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

### **APPLICABLE IN MASSACHUSETTS, NEBRASKA, OREGON AND VERMONT - FRAUD STATEMENT**

Any person who knowingly and with intent to defraud any insurance company or another person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading information concerning any fact material thereto, may be committing a fraudulent insurance act, which may be a crime and may subject the person to criminal and civil penalties.

### **APPLICABLE IN MINNESOTA – FRAUD STATEMENT**

Any person who files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime.

### **APPLICABLE IN OHIO – FRAUD STATEMENT**

Any person who, with intent to defraud or knowing that he/she is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud

### **APPLICABLE IN OKLAHOMA – FRAUD STATEMENT**

WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

### **APPLICABLE IN UTAH – FRAUD STATEMENT**

For your protection, Utah law requires the following to be included in this application: "Any person who knowingly presents false or fraudulent underwriting information, files or causes to be filed a false or fraudulent claim for disability compensation or medical benefits, or submits a false or fraudulent report or billing for health care fees or other professional services is guilty of a crime and may be subject to fines and confinement in state prison.

### **APPLICABLE IN WASHINGTON – FRAUD STATEMENT**

It is a crime to knowingly provide false, incomplete, or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines, and denial of insurance benefits.