

R.M.Stark & Co., Inc.

ANTI-MONEY LAUNDERING REQUIREMENTS

The USA Patriot Act

The USA Patriot Act, signed by President Bush in 2001, is designed to detect, deter and punish terrorists in the United States and abroad. The Act imposes new anti-money laundering requirements on brokerage firms and financial institutions. By April 24, 2002, all brokerage firms were required to have new, comprehensive anti-money laundering programs.

To help you understand these efforts, we want to provide you with some information about money laundering and our steps to implement the USA Patriot act.

What is money laundering?

Money laundering is the process of disguising illegally obtained money so that the funds appear to come from legitimate sources or activities. Money laundering occurs in connection with a wide variety of crimes, including, but not limited to, illegal arms sales, drug trafficking, robbery, fraud, racketeering and terrorism.

How big is the problem and why is it important?

The use of the U.S. financial system by criminals to facilitate terrorism or other crimes could well taint our financial markets. According to the U.S. State Department, one recent estimate puts the amount of worldwide money laundering activity at \$1 trillion a year.

What are we required to do to eliminate money laundering?

Under new rules required by the USA Patriot Act, our anti-money laundering program must designate a special compliance officer, set up employee training, conduct independent audits and establish policies and procedures to detect and report suspicious transactions and ensure compliance with the new laws.

As part of our required program, we may ask you to provide various identification documents or other information. Until you provide the information or documents we need, we may not be able to open an account or effect any transactions for you.

We at R. M. Stark & Co., Inc. thank you for your patience and hope that you will support us in our efforts to deny terrorist groups access to America's financial systems.

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