



The IP Investment Bank

MDB Capital Group LLC

Seeing Value Others Do Not, Creating Value Others Can Not.

Margin Disclosure Statement

MDB Capital Group, LLC ("MDB") and National Financial Services ("NFS") are furnishing this information to you to provide some basic facts about purchasing securities on margin, and to alert you to the risks involved with trading securities in a margin account. Before trading stocks in a margin account, you should carefully review the margin agreement provided by MDB. Consult your financial advisor regarding any questions or concerns you may have with your margin accounts.

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from MDB. If you choose to borrow funds from MDB, you will open a margin account through MDB with NFS. The securities purchased are collateral for the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, MDB and/or NFS can take action, such as issue a margin call and/or sell securities or other assets in any of your accounts held with MDB or certain NFS affiliates, in order to maintain the required equity in the account.

It is important that you fully understand the risks involved in trading securities on margin. These risks include the following:

- **You can lose more funds than you deposit in the margin account.** A decline in the value of securities that are purchased on margin may require you to provide additional funds to the firm that has made the loan to avoid the forced sale of those securities or other securities or assets in your account(s).
- **MDB and NFS can force the sale of securities or other assets in your account(s).** If the equity in your account falls below the maintenance margin requirements, or MDB's or NFS'

higher "house" requirements, MDB can sell the securities or other assets in any of your account held at NFS to cover the margin deficiency. You also will be responsible for any short fall in the account after such a sale, possibly including MDB's or NFS' costs relating to the short fall. If you are a director, officer, or 10% shareholder of an issuer whose securities NFS sells to cover a margin deficiency in your account, you could be liable to this issuer for profits from the forced sale, as compared with any purchase you may have made of securities of the same issuer within six months of the sale (not that you could receive such a profit even if a shortfall remains in the account after the sale.)

- **MDB and NFS can sell your securities or other assets without contacting you.** Some investors mistakenly believe that a firm must contact them for a margin call to be valid, and that the firms cannot liquidate securities or other assets in their accounts to meet the call unless the firm has contacted them first. This is not the case. Most firms will attempt to notify their customers of margin calls, but they are not required to do so. However, even if a firm has contacted a customer and provided a specific date by which the customer can meet a margin call, MDB can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to the customer.
- **You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call.** Because the securities are collateral for the margin loan, MDB and NFS have the right to decide which security to sell in order to protect its interests.
- **MDB can increase its "house" maintenance margin requirements at any time and is not required to provide you advance written notice.** These changes in firm policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause the member to liquidate or sell securities in your account(s).
- **You are not entitled to an extension of time on a margin call.** While an extension of time to meet margin requirements may be available to customers under certain conditions, a customer does not have a right to the extension.
- **Short selling is a margin account transaction and entails the same risks as described above.** MDB and NFS can buy in your account securities to cover a short position without contacting you, and may use all or any portion of the assets in your account to make such a purchase. If the assets in your account are not sufficient to cover the cost of such a purchase, you will be responsible for any shortfall, possibly including MDB's and NFS' costs in collecting the shortfall.

- **NFS can loan securities held in your margin account which collateralize your loan margin borrowing.** In connection with the extension of maintenance of margin credit, NFS may loan securities in your margin account to itself or to others. As a result of these loans, you may not be entitled to receive certain benefits of a securities owner, such as the ability to exercise voting rights and/or receive interest, dividends, and/or other distributions with respect to the securities lent. While a security in your account is lent, you may only be allocated and receive substitute payments in lieu of such interest, dividends, and/or other distributions, and you may incur additional tax liability for substitute payments that you receive. NFS may allocate substitute payments in any manner permitted by law, rule, or regulation, including, but not limited to, by means of a lottery allocation method. You are not entitled to any compensation in connection with securities lent from your account or for additional taxes you may be required to pay as a result of any tax treatment differential between substitute payments and actual interest, dividends, and/or other distributions.