

Fiscal Year 2010

Dear U.S. Sterling Customer:

I have received your request for information to complete your due diligence. I think a brief discussion of U.S. Sterling Capital and U.S. Sterling Securities and their roles that each play for our investing customers is appropriate at this time.

Regulated Securities Transactions for non-exempt securities are completed by U.S. Sterling Securities Inc. CRD#35912, for institutional customers only. For FDIC insured exempt CD issues which U.S. Sterling Capital sells on an agency basis the firm is a FDIC exempt second tier broker (not required to be registered with FDIC under SEC regulation) with customer funds being held by a FDIC registered bank or equivalent licensed banking institution pursuant to state/ federal banking regulations. The firm does not sell or offer any non-FDIC insured CD products.

Please find additional information herein to clarify regulatory and compliance procedures for U.S. Sterling Companies and its Designated Examination Authorities (DEA).

As a private firm, U.S. Sterling Capital, the parent company, does not require an independent audit of its financial data. Instead, we can provide you financials that represent management's needs provided by our accounting firm, nor does the firm prepare an Annual Report for public distribution.

Our companies stands ready to provide any other additional documents you may require. Please be advised the firm operates at a very high level of integrity and internal controls. If you have any legal and or financial operational questions please contact the firm directly. I hope this information is satisfactory to your staff.

Sincerely,



Herbert A. Orr, Jr.
President & CEO

Fiscal Year 2010

Dear U.S. Sterling Customer:


Your institution has asked that U.S. Sterling perform on your behalf the customer identification and/or identity verification procedures on customers referred to you by U.S. Sterling as required by Section 326 of the USA Patriot Act. We hereby agree to do so or to have our agent(s) do so. The procedures to be performed for your institution are the following:

- CIP – Customer Identification Procedures – documentary and non-documentary, Section 326 Patriot Act.
- OFAC Checks – NASD, Requirements office of assets control reviews
- FinCen and Treasury recording & reporting procedures.

We hereby certify to you that we are a financial institution that is subject to a rule implementing 31 USC 5318(h) and that we are regulated by a federal designated examination authority (DEA). We hereby agree to certify to you annually that we have implemented our anti-money laundering program and that we (or our agents) will perform the above procedures for you. All terms used in this letter agreement have the meanings assigned to them in 31 CFR 103.121.

In addition, be advised that U.S. Sterling Securities, Inc., and its parent company, U.S. Sterling Capital Corp. fully complies with and subscribes to all provisions of the Gramm-Leach-Bliley Financial Modernization Act which requires U.S. Sterling to provide protection for all our customer accounts. As a provider or processor of financial services we do not share customer information except wherein authorized or required for clearing or mandatory service demands. Please find enclosed or attached a disclosure document for your execution and special notification on your rights to Privacy and our company's policy to protect important customers of the U.S. Sterling Companies.

Sincerely,



Herbert A. Orr, Jr.
President & CEO

MATTHEW J. SCHONBERG
Independent AML Audit & Compliance Services
2 Vacation Court Holbrook, NY 11741 631-471-9710

July 19, 2010

Via Regular Mail USPO
Herbert A. Orr, CCO/CEO
U. S. Sterling Companies
1383 Veterans Memorial Highway
Suite 412N
Hauppauge NY 11788

Re: Fiscal 2009-2010 Independent AML Inspection Certification

To Whom it May Concern:

The U.S. Sterling companies serve primarily Federally and State registered and licensed institutions throughout the United States; the firm, currently has no international locations, or customers located outside of the U.S.A. The firm engages a complete and thorough Anti-Money Laundering (AML) program using conventional and proprietary methods & systems. The firm has a current in-house program that verifies the integrity of the capital process at several stages in transactional business, while simultaneously verifying the integrity of the participant companies that the firm conducts its business.

For the fiscal year 2009-2010 U.S. Sterling has implemented a program reasonably designed to assure enterprise wide compliance referenced in FFIEC Examination Manual dated April 29, 2010 which expanded bank AML requirements to all financial institutions and businesses engaging in banking related financial transactions. Pursuant to the authority contained in 31 U.S.C. 5318A Section 311 of the Uniting and Strengthening America Act which provided Appropriate Tools Required to Intercept and Obstruct, The Terrorism Act of 2001 (USA

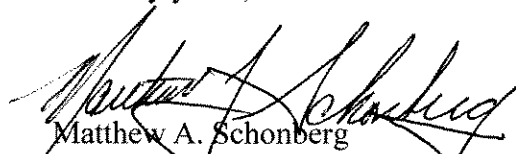
U.S. Sterling Companies
AML Audit Disclosure Certification Letter

PATRIOT Act) which added Section 5318A to the Bank Secrecy Act which may conclude that a certain jurisdiction and/or institutions (or an International class of transactions or a type of account is a primary money laundering target location) the firm tested satisfactorily in its compliance operations to interdict potential violators and/or capturing of unlawful activities of various entities. This act requires domestic financial institutions and domestic financial agencies to take certain "special measures" against the much money laundering concern. US Sterling had a program in place to interdict and identify these entities and assets, and take the appropriate action.

Therefore, in our opinion, U.S. Sterling, for the time period reviewed, was in material compliance with the provisions of the US Patriot Act Section(s) 352 & 356 and the Bank Secrecy Act and US Treasury Regulations specially 31 CFR Part 103 Customer Identification Programs for Broker-Dealers. In addition the firm was in compliance with the US Office of Foreign Asset Control (OFAC) requirements for screening SDN entities and targeted countries, individuals & companies.

In our opinion US Sterling was found to be in compliance with currently in force regulation FINRA Rule 3310 which require member firms and organizations to establish risk-based AML compliance programs. Our findings indicate that US Sterling completed its AML mission satisfactorily for the audit year from July 15, 2009 to July 15, 2010, the timeframe under independent audit by our inspection personnel.

Sincerely yours,


Matthew A. Schonberg
Independent AML Audit Inspection Service

U.S. Sterling Capital, Corp. 2010 Privacy Policy

Notice of Privacy Policy and Practices

Please read this Privacy Policy carefully. It has information about our policies for the collection, use, disclosure, and protection of information we collect and maintain. It is important for you to know we do not sell or share Customer Information with marketers outside the U.S. Sterling Securities and their service providers.

U.S. Sterling Capital, Corp. recognizes and respects the privacy concerns and expectations of our customers, including individuals who provide their nonpublic personal information to U.S. Sterling Capital, Corp.

U.S. Sterling Capital has an information security program, which incorporates the following policies:

1. Ensure the security and confidentiality of personal information;
2. Protect against any anticipated threats or hazards to the security or integrity of personal information; and
3. Protect against any unauthorized access to or use of personal information that could result in substantial harm or inconvenience to our valued customers.

This notice is provided so that you will know what kinds of information we collect about our customers and the circumstances in which that information may be disclosed to third parties who are not affiliated with the U.S. Sterling.

Collection of Customer Information

We collect nonpublic personal information about our customers from the following sources:

- Account Applications and other forms, which may include a customer's name, address and social security number;
- Account History, including information about the transactions and balances in customers' accounts; and
- Correspondence, written, or telephonic between a customer and U.S. Sterling Securities.

Disclosure of Customer Information

We may disclose any or all of the information described above to third parties who are not affiliated with the U.S. Sterling only under one or more of these circumstances:

U.S. STERLING CAPITAL, CORP.

- As authorized – if you request or authorize the disclosure of the information
- As permitted by law – for example, limited sharing of information with companies that work for us such as the investment adviser, the custodian, the transfer agent, the distributor and the administrator.
- In other situations – we may also disclose this information to non-affiliated third parties when permitted or required by law. This may include disclosure in connection with a subpoena or similar legal process, an investigation or an audit or examination.

This notice and disclosure applies to the following affiliated companies and/or subsidiaries. When applicable, the companies do not share personal or private information with third party concerns. Information required to process customer account information is kept confidential and secured and is utilized by the associated companies to engage customer specified requirements:

U.S. Sterling Capital, Corp.
U.S. Sterling Securities, Inc.
First Southwest Clearing

First Southwest Securities, our clearing agent, certifies that it will keep personal information that U.S. Sterling provides to First Southwest confidential, and will use the information only to provide the services we've asked them to perform.

Security, Safeguarding and Destruction of Customer Information and Reports

We restrict access to nonpublic personal information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

Opt In Opt Out

U.S. Sterling does not share, sell, or forward any personal or business data with any third party entity not involved with engaging the business activities within your account. Information is kept private. If this changes in the future, we will sent you a notification with instructions on how to opt out.

For additional information or for any questions please call the
U.S. Sterling Privacy Coordinator at: 800-935-9300

or

Contact us in writing at:

U.S. Sterling Capital, Corp.
Privacy Security Coordinator
1393 Veterans Memorial Highway, Suit 412N
New York, NY 11788

You may also FAX your request or communications to:
631-360-2840