S I M P L E

Savings incentive match plan for employees

Participant application kit

SIMPLE IRA – PARTICIPANT INSTRUCTIONS

Follow these instructions if you are an employee whose employer has an existing SIMPLE IRA plan.

1. AN EXISTING SIMPLE IRA PLAN

Your first step as the employee is to obtain a copy of your employer's SIMPLE IRA Plan or a copy of your employer's summary plan description. The summary plan description may simply be a copy of your employers IRS Form 5304-SIMPLE. You are not eligible to open a SIMPLE IRA account until your employer adopts a SIMPLE IRA Plan.

2. COMPLETE THE ACCOUNT APPLICATION

What to use: Wedbush Morgan Securities Form IS: SIMPLE IRA application

There are three short sections to the SIMPLE IRA application: 1) Personal Information, 2) Beneficiary Designation, and 3) Adoption and Acceptance. You must fully complete sections 1 and 3 in order for Wedbush Morgan Securities, as custodian, to accept your SIMPLE IRA application. Please do not forget to acknowledge receipt of your custodial plan agreement and disclosure statement by checking the appropriate box in section 3. Although section 2 is not required, we strongly recommend that you designate a beneficiary. If you do not have the social security number or date of birth for your designated beneficiary, you may complete this section to the best of your knowledge and provide additional information at your earliest convenience.

3. OPEN THE SIMPLE IRA ACCOUNT

Return your SIMPLE IRA application (Form IS: SIMPLE) with a copy of your employer's SIMPLE IRA adoption agreement or summary plan description to your Investment Executive. Once the account is established you should provide the account information to your employer. Salary deferrals and matching contribution payments can be sent to:

Wedbush Morgan Securities
P.O. Box 30014
Los Angeles, CA 90030-0014

The SIMPLE IRA account number and allocation should accompany all checks.

FORM IS
SIMPLE PARTICIPANT APPLICATION

I.E. ___ ___ ___ ___ **Account** ___ ___ ___ ___ - ___ ___ ___ ___

Primary Account ___ ___ ___ ___ - ___ ___ ___ ___

1. PERSONAL INFORMATION (Must Complete)

Full Name of Participant (First, Middle, Last)			Name of Employer Plan	
Residence Address (P.O. Box not sufficient)			Name, Address, Telephone of Employer	
City	State	Zip		
Social Security #	Date of Birth		Marital Status	Citizenship

2. BENEFICIARY DESIGNATION

I elect that at my death the interest in my IRA account under the IRA Plan shall become the property of the primary Beneficiary, if he or she survives, and if no primary Beneficiary survives, then of the contingent beneficiary, and if no designated Beneficiary survives, or if the Custodian cannot locate the Beneficiary, then the Custodian shall distribute the amounts payable to my estate. I reserve the right to revoke or change this Beneficiary designation. I understand that such change or revocation must be tendered in writing as specified in the IRA Plan. If no indication of benefits is made, funds will be divided equally.

Primary	Name	Soc. Sec. #	Date of Birth	Relationship	% Benefits
	Name	Soc. Sec. #	Date of Birth	Relationship	% Benefits
	Name	Soc. Sec. #	Date of Birth	Relationship	% Benefits
Contingent	Name	Soc. Sec. #	Date of Birth	Relationship	% Benefits
	Name	Soc. Sec. #	Date of Birth	Relationship	% Benefits
	Name	Soc. Sec. #	Date of Birth	Relationship	% Benefits

Spousal Consent

If the Account Holder is married and the Account Holder's spouse is not designated as the sole primary beneficiary, the written consent of the spouse is required.

I hereby consent to the beneficiary designation(s) indicated above and give the Account Holder any interest I have in the funds or property deposited in this IRA. I assume full responsibility for any adverse consequences that may result. No tax or legal advice was given to me by the custodian.

_____ _____

(Full Signature of Spouse) (Date)

3. ADOPTION AND ACCEPTANCE (Subject to acceptance by the Custodian)

By signing below, I acknowledge that I have read and received copies for my records of 1) SIMPLE IRA Custodial Account Agreement, 2) SIMPLE IRA Disclosure statement and 3) Retirement Services Fee Schedule. I understand and agree that my account is to be handled in the manner described herein and in accordance with these documents.

X _____ _____

Participant's Signature (or signature of Parent or Legal Guardian) Date

X _____ _____

Signature Guarantee or Notarization Date

FOR **WEDBUSH** USE ONLY

Accepted by: _____ _____ _____

(Print Name) (Signature) (Date)

IRA Manager _____ _____ _____

(Print Name) (Signature) (Date)

SIMPLE IRA - Custodial Account Agreement

From 5305-SA Under Section 408(p) of the Internal Revenue Code

The Participant named is establishing a savings incentive match plan for employees of small employers individual retirement account (SIMPLE IRA) under sections 408(a) and 408(p) to provide for his or her retirement and for the support of his or her beneficiaries after death.

Wedbush Morgan Securities, as the Custodian, has given the participant the disclosure statement required by Regulations section 1.408-6. The Participant and the Custodian make the following agreement:

Article I
The custodian will accept cash contributions made on behalf of the participant by the participant's employer under the terms of a SIMPLE IRA plan, described in section 408(p). In addition, the custodian will accept transfers or rollovers from other SIMPLE IRAs of the participant. No other contributions will be accepted by the custodian.

Article II
The participant's interest in the balance in the custodian account is nonforfeitable.

Article III
1. No part of the custodian account funds may be invested in life insurance contracts, nor may the assets of the custodial account be commingled with other property except in a common trust fund or common investment fund (within the meaning of section 408(a)(5)).

2. No part of the custodian account funds may be invested in collectibles (within the meaning of section 408(m)) except as otherwise permitted by section 408(m)(3), which provides an exception for certain gold, silver, platinum coins, coins inssued under the laws of any state and certain bullion.

Article IV
1. Notwithstanding any provision of this agreement to the contrary, the distribution of the participant's interest in the custodian account shall be made in accordance with the following requirements and shall otherwise comply with section 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference.

2. The participant's entire interest in the custodial account must be, or begin to be, distributed not later than the participant's required beginning date, April 1 following the calendar year in which the participant reaches age 70 ½. By that date, the participant may elect, in a manner acceptable to the custodian, to have the balance in the custodial account distributed in:
- (a) A single sum or
- (b) Payments over a period not longer than the life of the participant or the joint lives of the participant and his or her designated beneficiary.

3. If the participant dies on or before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:
- (a) If the participant dies on or after the required beginning date and:
  - (i) the designated beneficiary is the participant's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy as determined each year until such spouse's death, or over the period in paragraph (a)(iii) below if longer. Any interest remaining after the spouse's death will be distributed over such spouse's remaining life expectancy as determined in the year of the spouse's death and reduced by 1 for each subsequent year, or, if distributions are being made over the period in paragraph (a)(iii) below, over such period.
  - (ii) the designated beneficiary is not the participant's surviving spouse, the remaining interest will be distributed over the beneficiary's remaining life expectancy as determined in the year following the death of the participant and reduced by 1 for each subsequent year, or over the period in paragraph (a)(iii) below if longer.
  - (iii) there is no designated beneficiary, the remaining interest will be distributed over the remaining life expectancy of the participant as determined in the year of the participant's death and reduced by 1 for each subsequent year.
- (b) If the participant dies before the required beginning date, the remaining interest will be distributed in accordance with (i) below or, if elected or there is no designated beneficiary, in accordance with (ii) below:
  - (i) The remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), starting by the end of the calendar year following the year of the participant's death. If, however, the designated beneficiary is the participant's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the participant would have reached age 70 ½. But, in such case, if the participant's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with (a) (ii) above (but not over the period in paragraph (a)(iii), even if longer), over such spouse's designed beneficiary's life expectancy, or in accordance with (ii) below if there is no such designated beneficiary.
  - (ii) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the participant's death.

4. If the participant dies before his or her entire interest has been distributed and if the designated beneficiary is not the participant's surviving spouse, no additional contributions may be accepted in the account.

5. The minimum amount that must be distributed each year, beginning with the year containing the participant's required beginning date, is known as the "required minimum distribution" and is determined as follows:
- (a) The required minimum distribution under paragraph 2(b) for any year, beginning with the year the participant reaches age 0 ½, is the participant's account value at the close of business on December 31 of the preceding year divided by the distribution period in the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if the participant's designated beneficiary is his or her surviving spouse the required minimum distribution for a year shall not be more than the participant's account value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph (a) is determined using the participant's (or, if applicable, the participant and spouse's) attained age (or ages) in the year.
- (b) The required minimum distribution under paragraphs 3(a) and 3(b)(i) for a year, beginning with the year following the year of the participant's death (or the year the participant would have reached age 70 ½, if applicable under paragraph 3(b)(i)) is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9) of the individual specified in such paragraphs 3(a) and 3(b)(i).
- (c) The required minimum distribution for the year the participant reaches age 70 ½ can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.

6. The owner of two or more IRAs (other than Roth IRAs) may satisfy the minimum distribution requirements described above by taking from one IRA the amount required to satisfy the requirement for another in accordance with the regulations under section 408(a)(6).

Article V
1. The participant agrees to provide the custodian with all information necessary to prepare any reports required by sections 408(i) and 408(l)(2) and Regulations sections 1.408-5 and 1.408-6.

2. The custodian agrees to submit to the Internal Revenue Service (IRS) and participant the reports prescribed by the IRS.

3. The custodian also agrees to provide the participant's employer the summary description described in section 408(l)(2) unless this SIMPLE IRA is a transfer SIMPLE IRA.

Article VI
Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through III and this sentence will be controlling. Any additional articles inconsistent with sections 408(a) and 408(p) and the related regulations will be invalid.

Article VII
This agreement will be amended as necessary to comply with the provisions of the Code and the related regulations. Other amendments may be made with the consent of the persons whose signatures will appear below.

SIMPLE IRA – DISCLOSURE STATEMENT

RIGHT TO REVOKE YOUR SIMPLE IRA

You have the right to revoke your SIMPLE IRA within seven days of its establishment by delivering written notice to Wedbush Morgan Securities, Attn: Retirement Services Department, P.O. Box 30014, Los Angeles, CA 90030-0014. If revoked, you are entitled to a full return of the contribution you made to your SIMPLE IRA without any adjustment for such items as commissions, administrative expenses, or fluctuation in market value. Mailed notice will be deemed given on the date it is postmarked.

ELIGIBILITY

Once your employer has established a SIMPLE IRA plan, most all employees are eligible to participate. However, an employer may decide to exclude:

- an employee who did not receive at least $5,000 in pay from the employer in at least two prior calendar years (not necessarily consecutive);
- an employee who is not reasonably expected to receive at least $5,000 in pay from the employer for the current calendar year;
- union employees covered under a collective bargaining agreement for which retirement benefits were the subject of good faith bargaining
- employees who are non-resident aliens and receive no U.S. source income

SIMPLE PLAN INFORMATION FROM YOUR EMPLOYER

As part of operating a SIMPLE IRA plan, your employer is annually required to give you two kinds of information (these may be combined in a single pamphlet or notice).

1) Your employer should give you a "summary description" of the main features of the SIMPLE IRA plan, including information about any eligibility requirements your employer imposes. This summary description may include a photocopy of IRS Form 5304-SIMPLE as completed by your employer to establish the SIMPLE IRA plan.
2) Your employer should give you a copy of a notice stating how much the employer will contribute to participant's SIMPLE IRAs for the plan year.

These notifications should be provided to you when you first become eligible for the SIMPLE IRA plan, and annually thereafter prior to your 60-day election period, which is the 60 days immediately preceding January 1st of each calendar year (i.e. November 2 to December 31). During the 60-day election period you are allowed to enter into a salary reduction agreement or modify a prior agreement for the upcoming calendar year. However, for the year in which you first become eligible, you must be allowed to commence salary reduction contributions regardless of whether the 60-day period has ended.

Your employer may, but is not required to, provide additional longer salary reduction election periods.

CONTRIBUTIONS

Two types of contributions permitted:

1) Employee contributions, elective deferrals as per salary reduction agreement and
2) Employer contributions, either matching or non-matching

These contributions must be made in cash.

Employee Contributions

If you are an eligible employee, you may elect to have a percentage or specific dollar amount of your salary contributed to a SIMPLE IRA, as long as the amount does not exceed the SIMPLE IRA elective deferral limit. This limit increases over the next several years, as indicated in the table below. Also, if you are age 50 or older at any time during the calendar year, you have a higher elective deferral limit.

SIMPLE IRA Elective Deferral Limit

Year	Deferral Limit	Age 50+
2002	$7,000	+ $500
2003	$8,000	+ $1,000
2004	$9,000	+ $1,500
2005	$10,000 plus potential COLA adjustments beginning in 2006	+ $2,000
2006		+ $2,500 plus potential COLA adjustments beginning in 2007

Your salary reduction contributions must be transferred to your SIMPLE IRA as soon as your employer can reasonably do so. This date can be no later than the close of the 30-day period following the last day of the month in which the salary would otherwise have been made payable to you in cash.

Employer Contributions

For each year that it operates its SIMPLE IRA plan, your employer must make contributions on behalf of participants. The employer may choose either matching or non-matching contributions for each calendar year and must notify employees of their contribution option in advance of the 60-day election period.

1) Matching Contributions. If your employer makes matching contributions, you must make elective deferrals in order to receive a contribution from your employer. Your employer will match your contributions, dollar for dollar, up to 3% of your compensation for the calendar year. The employer may choose to reduce the 3% limit on matching contributions, but only if the limit is not reduced below 1% and the limit is not reduced for more than two years out of the five-year period that includes the year for which the election is effective.

2) Non-matching Contributions. If your employer decides to make non-matching contributions, it must contribute 2% of salary for the calendar year for all eligible employees regardless of whether the employee is making salary deferrals. For purposes of the 2% non-matching contribution only, the compensation taken into account must be limited to the compensation cap under section 401(a)(17). For years 2002 and later, this limit is $200,000 and may be adjusted in accordance with the cost of living.

Employer contributions must be transferred to your SIMPLE IRA no later than the due date (including extensions) for the employer to file its federal tax return for the year.

You may not take a deduction for the amounts contributed to your SIMPLE IRA. However, elective deferrals will reduce your taxable income. Further, employer SIMPLE IRA contributions will not be taxable to you until you take a distribution from your SIMPLE IRA.
Participation in your employer's SIMPLE IRA plan renders you an active participant for purposes of determining whether or not you can deduct contributions to a Traditional IRA.

Tax Credits
For each of the 2002 through 2006 tax years, you may be eligible to receive a tax credit of up to $1,000 for your SIMPLE IRA deferrals. To be eligible for this tax credit you must be age 18 or older at the close of the tax year, not a dependent of another taxpayer, and not a full-time student. The tax credit is based upon your income (see chart below), and will range in 0 to 50 percent of eligible contributions. Your eligible contributions are the sum of all deferrals made to your SIMPLE IRA, less any distributions taken during the current and preceding two tax years. In order to determine your tax credit, multiply the applicable percentage from the chart below by the amount of your eligible contributions (not to exceed $2,000).

Adjusted Gross Income*			Applicable Percentage
Joint Return	Head of a Household	All Other Cases	
$1 - 30,000	$1 - 22,500	$1 - 15,000	50
30,001 - 32,500	22,501 - 24,375	15,001 - 16,250	20
32,501 - 50,000	24,376 - 37,500	16,251 - 25,000	10
Over 50,000	Over 37,500	Over 25,000	0

Excess Contributions
Any amount contributed to your SIMPLE IRA above the maximum limit is considered an "excess contribution." An excess contribution is subject to an excise tax of 6% for each year the excess remains in your SIMPLE IRA.

You can avoid the excise tax by withdrawing the excess contribution and any earnings on it before your tax filing due date. Earnings will be included in your taxable income for the year and may be subject to a 10% premature withdrawal penalty if you are under age 59 ½. The IRS automatically grants a six-month extension to remove an excess contribution to those taxpayers who file their taxes on a timely basis.

ROLLOVERS, TRANSFERS AND CONVERSIONS

Your SIMPLE IRA may be rolled over to another SIMPLE IRA of yours, may receive rollover contributions, and may be converted to a Roth IRA, provided that all of the applicable rollover and conversion rules are followed. Rollover is a term used to describe a tax-free movement of cash or other property from your SIMPLE IRA to either a Traditional IRA or another SIMPLE IRA. Conversion is the term used to describe the taxable movement of SIMPLE IRA assets to a Roth IRA. The transfer, rollover and conversion rules are summarized below.

1. SIMPLE IRA to SIMPLE IRA Transfers. You may make a custodian to custodian transfer of your SIMPLE IRA to another SIMPLE IRA of yours. Transfers do not constitute a distribution since you are never in receipt of the funds.
2. SIMPLE IRA to SIMPLE IRA Rollovers. Funds distributed form your SIMPLE IRA may be rolled over to another SIMPLE IRA of yours. A proper SIMPLE IRA rollover must be completed within 60 days after you receive the distribution. You may not have completed another SIMPLE IRA to SIMPLE IRA rollover within the last 12 months. Further, you may only roll over the same dollars or assets only once every 12 months.
3. SIMPLE IRA to Traditional IRA Rollovers. Funds may be distributed from your SIMPLE IRA and rolled over to your Traditional IRA without IRS penalty, provided two years have passed since you first participated in the SIMPLE IRA plan. As with SIMPLE to SIMPLE IRA rollovers, the assets must be received within 60 days of the distribution. You may not have completed another SIMPLE IRA to Traditional IRA or SIMPLE IRA to SIMPLE IRA rollover within the last 12 months. Further, you may roll over the same dollars or assets only once every 12 months.
4. SIMPLE IRA to Employer-Sponsored Retirement Plans. As permitted by Code or applicable Regulations, you may roll over, directly or indirectly, any eligible rollover distribution from a SIMPLE IRA to an employer's qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan, provided two years have passed since you first participated in the SIMPLE plan. However, the employer-sponsored retirement plan must allow for such rollover contributions. An eligible rollover distribution is defined as any taxable distribution from a SIMPLE IRA not part of a required minimum distribution. An employer-sponsored retirement plan may not be rolled over to a SIMPLE IRA.
5. SIMPLE IRA TO Roth IRA Conversions. If your modified adjusted gross income is not more than $100,000 and you are not married filing a separate tax return, you are eligible to convert all or any portion of your existing SIMPLE IRA(s) to your Roth IRA(s), provided two years have passed since you first participated in the SIMPLE IRA. If you are age 70 ½ or older you must remove your required minimum distribution prior to converting your SIMPLE IRA. The amount of the conversion will be included in your gross income.

INVESTMENTS

Your Wedbush SIMPLE IRA account is self-directed, so you have the freedom to choose your own investments. Wedbush offers a wider variety of investment alternatives than many other financial institutions. You may choose from, but are not limited to: individual stocks, mutual funds, bonds, and government issued securities. The investments in your SIMPLE IRA can be neither projected nor guranteed.

SIMPLE IRA Restrictions

Life Insurance. No part of your SIMPLE IRA assets may be invested in life insurance contracts.

Commingled Assets. The assets of your SIMPLE IRA cannot be commingled with other property except in a common trust or common investment fund.

Collectibles. You may not invest your SIMPLE IRA assets in collectibles. A collectible is defined as any work of art, rug, or antique, metal or gem, stamp or coin, alcoholic beverage, or other tangible personal property specified by the Internal Revenue Services. However, specially minted United States gold and silver coins and certain gold, silver, platinum or palladium bullion as described in Code section 408(m)(3) are permitted as SIMPLE IRA investments.

Pledging. If you pledge any portion of your SIMPLE IRA as collateral for a loan, the amount so pledged will be treated as a distribution and will be included in your gross income for the taxable year in which you pledge the assets.

Prohibited Transaction. If you or your beneficiary engage in a prohibited transaction, your SIMPLE IRA will lose its tax-deferred status, and you must include the value of your account in your gross income for the taxable year. The following transactions are examples of prohibited transactions with your SIMPLE IRA: 1) taking a loan from your SIMPLE IRA, 2) buying property for personal use (present or future) with SIMPLE IRA funds, or 3) receiving certain bonuses or premiums because of your SIMPLE IRA.

DISTRIBUTIONS

Generally, requests for distributions from Wedbush SIMPLE IRAs must be made in writing by completing Form ID: IRA Distribution Election Request. Please contact your Investment Executive for this form.

You may take distributions from your SIMPLE IRA at anytime. However, if you are under 59 ½, all taxable amounts withdrawn may be subject to an additional 10% penalty unless the distribution is made on account of : 1) death, 2) disability, 3) a qualifying rollover, 4) the timely withdrawal of an excess contribution, 5) a part of a series of substantially equal period payments taken at least annually over your life expectancy or the joint life expectancy of you and your beneficiary, 6) medical expenses which exceed 7.5% of your adjusted gross income, 7) health insurance payments if you are receiving unemployement compensation under a federal or state program for at least 12 weeks, 8) certain qualified education expenses, 9) first-home purchase (up to a life-time maximum of $10,000), or 10) a levy issued by the IRS. If less than two years have passed since you first participated in a SIMPLE IRA plan, the additional penalty shall be increased from 10% to 25%.

The amount withdrawn will be included in your gross income for the year that you receive it and will be taxable to you as ordinary income. Federal income tax will be withheld at a rate of 10% from all distributions unless you elect out of withholding on Form ID: IRA/QRP Distribution Request. Capital gains treatment and 10-year forward income averaging authorized for some qualified plan distributions do not apply to SIMPLE IRA distributions.

Lifetime Required Minimum Distributions

You must begin taking distributions from your SIMPLE IRA by April 1 of the year following the year you turn age 70 ½ and annually thereafter by each December 31st. Your annual required distribution is determined by dividing your previous year-end account balance by your applicable divisor. The applicable divisor is generally determined using the uniform lifetime table provided by the IRS. However, if your spouse is your sole designated primary beneficiary and is more than 10 years younger than you, you may use the applicable divisor from the joint and last survivor table provided by the IRS.

We reserve the right to do any one of the following by April 1 of the year following the year in which you turn age 70 ½: 1) make no distribution until you give us a proper withdrawal request, 2) distribute your entire SIMPLE IRA to you in a single sum payment, or 3) determine your required minimum distribution based on the uniform life table and pay those distributions to you until you direct otherwise.

Required minimum distribution amounts will be included in your gross income for the year they are received. Failure to take the minimum required amount could result in a 50% penalty tax on the difference between the amount that you should have withdrawn and the amount you actually withdrew.

Required Distributions to your Beneficiary(ies)

If you die after your required beginning date, your designated beneficiary(ies) must continue taking required minimum distributions over the longer of your designated beneficiary(ies) single life expectancy or your remaining life expectancy. If a beneficiary other than an individual or qualified trust as defined in the Regulations is named, you will be treated as having no designated beneficiary for purposes of determining your required distribution. If there is no designated beneficiary, distributions will commence using your single life expectancy factor reduced by one each subsequent year.

If you die before your required beginning date, the entire amount remaining in your account will either 1) be distributed by December 31 of the year containing the fifth anniversary of your death, or 2) be distributed over the remaining life expectancy of your designated beneficiary(ies). Your beneficiary(ies) must elect either option 1 or 2 by December 31 of the year following the year of your death. If no election is made, distribution will be calculated under option 2 and

must commence by December 31 of the year following the year of your death. If a beneficiary other than an individual or qualified trust as defined in the Regulations is named, you will be treated as having no designated beneficiary for purposes of determining your required distribution. If there is no designated beneficiary, the entire SIMPLE IRA must be distributed by December 31 of the year containing the fifth anniversary of your death. If your spouse is the designated beneficiary, distributions need not commence until December 31 of the year you would have attained age 70 ½, if later. In addition, a spouse beneficiary shall have all rights as granted under the Code or applicable Regulations to treat your SIMPLE IRA as his or her own.

Distribution amounts paid to your beneficiary(ies) will be included in their gross income for the year received. If your beneficiary fails to take the minimum distributions required upon your death, they may be assessed a 50% penalty tax on the difference between the amount that should have been withdrawn and the amount actually withdrawn.

FEES AND EXPENSES

Please refer to our IRA Fee Schedule for the most recent fee information. We reserve the right to change or assess additional fees upon 30 days notice to the account holder that the fee will be effective.

Custodial Fees will be assessed annually and will be payable directly to Wedbush Morgan Securities or otherwise charged against your account.

Brokerage expenses in connection with the purchase or sale of assets in your SIMPLE IRA can be obtained from your Investment Executive upon request.

TAX MATTERS

The Agreement used to establish this SIMPLE IRA has been approved by the IRS. The IRS approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.

Wedbush has been approved as a nonblank custodian for maintaining IRAs by the Internal Revenue Services under a letter of authorization dated December 24, 1984.

IRS Tax Reporting

As custodian of your SIMPLE IRA, Wedbush Morgan Securities will report all withdrawals to the IRS and the recipient on Form 1099-R. For reporting purposes a direct transfer of assets between two custodians or trustees is not considered a withdrawal.

In addition, we will report the fair market value of your account to the IRS along with any contributions made during the calendar year on Form 5498. A copy of this form will be sent to you only if contributions were made to your account during the calendar year.

If you incur a penalty due to inadequate required minimum distributions, premature distributions and/or excess contributions, you must file Form 5329 for that year.

Federal Estate and Gift Taxes

Generally, there is no specific exclusion for SIMPLE IRAs under the estate tax rules. Therefore, in the event of your death, your SIMPLE IRA balance will be includible in your gross estate for federal estate tax purposes. However, if your surviving spouse is the beneficiary, the amount in your SIMPLE IRA may qualify for the marital deduction available under Section 2056 of the Code. In addition, the value of the IRA at the time of the account holder's death is considered Income in Respect of the Decedent and may be eligible for a tax deduction when paid to you. Transfers of your SIMPLE IRA assets to a beneficiary made during your life and at your request may be subject to federal gift tax under Code 2501. Please see IRS Publication 559 and consult a competent CPA or tax advisor for further information.

State Taxes

Please note that this disclosure statement discusses the federal income tax treatment of SIMPLE IRAs. State tax treatment may vary. Consult your tax advisor or state revenue department if you have a question on state taxes on SIMPLE IRAs.

You may obtain additional information on IRAs and SIMPLE IRAs from your District Office of the Internal Revenue Service. In particular you may wish to obtain IRS Publication 590 (Individual Retirement Arrangements).

Retirement Services Fee Schedule

The following fee schedule applies to Wedbush Morgan Securities custodial Coverdell Education Savings, Individual Retirement Savings and Qualified Retirement Plan accounts.

Maintenance Fees		
	First Year	Subsequent Years
Coverdell ESA	$20	$20
Traditional/Roth IRAs	$20	$35
SIMPLE IRAs	$20	$35
Qualified Plans: Primary Account	$70	$70
Qualified Plans: Secondary Accounts	$45	$45

LP/PP/DPP/REIT Fees	
All Accounts	$15 One-time Reregistration Fee
All Accounts	$25 Annual Pricing & Holding Fee / per position

Termination Fees		
All Accounts	$50	