
**DISCLOSURE STATEMENT:
Rule 2341**

Rules & Risks Associated with a Margin Account – NASD

Hollencrest is furnishing this statement to its customers to provide some of the basic facts about purchasing securities on margin, and the risk associated with margin trading. Before you consider, or if you are considering adding a margin feature to your account, it is important that you fully understand the rules and risks involved in trading securities on margin. Prior to using the margin feature of your account, you should carefully review your margin agreement in your account agreement. Please read the following overview of using margin. While the use of margin can be effective for the experienced investor, there are certain risks that always accompany the use of a margin account. You should consider how the use of margin fits your own investment objective and philosophy.

Margin trading increases your level of market risk. Margin trading increased your buying power, allowing you to purchase a greater amount of securities with your investing dollar. As a result, your exposure to market volatility increases – a declining market could result in even greater losses. A decline in the value of your securities that you purchase on margin may require you to provide additional funds to Hollencrest in order to avoid the forced sale of those securities and/or other securities in your account.

The downside is not limited to the collateral value in your margin account. If the securities in your account decline in value, so does the value of the collateral supporting your loan. When the value of your collateral falls below the maintenance margin requirements, or the higher “house” requirements, Hollencrest can move to protect its position. In order to cover margin deficiencies, Hollencrest may issue you a margin call, which is a request for additional cash, or the selling of securities from your account. If a sale does not cover the deficiency, you will be responsible for any amount of the shortfall.

Hollencrest may initiate the sale of any securities in your account, without contacting you, to meet a margin call. Hollencrest will attempt to involve you in the case of a margin deficiency; however, market conditions may require us to quickly sell any of your securities without your consent. Because the securities are collateral for the margin loan, Hollencrest has the right to decide which security to sell in order to protect its interests. Even if Hollencrest has contacted you and provided a specific date by which you can meet a margin call, the firm can still take necessary steps to protect its financial interests, including immediately selling the securities without prior notice to you.

Hollencrest may increase its “house” maintenance requirements at any time and is not required to provide you with advance written notice. Changes in Hollencrest’s policy regarding “house” maintenance margin requirements often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause Hollencrest to liquidate or sell securities in your account.

You are not entitled to an extension of time on a margin call. While an extension of time to meet your margin requirements may be available to certain customers, the customer does not have a right to the extension.
