

**FOUNDERS CAPITAL MANAGEMENT, LLC
DISCRETIONARY AGREEMENT**

This agreement is entered into between _____ ("You") and Founders Capital Management, LLC ("Founders"), a SEC registered investment adviser.

1. Account Management. You are opening a discretionary advisory account (the "Account") with Founders. You authorize Founders to buy, sell, or otherwise trade securities or other investments in the Account without discussing the transactions with You in advance. Such securities may include, but are not limited to, common or preferred stock, convertible stocks or bonds, options, warrants, rights, corporate, municipal or government bonds, and notes or bills. You also authorize Founders to take all necessary action to open and maintain the Account and to effect securities transactions for the Account. Founders will make investment decisions for the Account according to the investment objectives and financial circumstances described in your Statement of Investment Policies and Guidelines, attached as Appendix A. You agree promptly to inform Founders if the information provided in the Statement of Investment Policies and Guidelines becomes materially inaccurate. You also agree to consult with Founders at least annually to provide updated information, if any, about your financial circumstances and investment objectives.

2. Selecting a Broker. You hereby direct that transactions for the Account should be executed through _____ (the "Directed Broker"). In selecting the Directed Broker, You have the sole responsibility for negotiating commission rates and other transaction costs with the Directed Broker. Although You have selected a Directed Broker, You agree that Founders will not be required to effect any transaction through the Directed Broker if Founders reasonably believes that to do so may result in a breach of its duties as a fiduciary. You understand that by instructing Founders to execute all transactions on behalf of the Account through the Directed Broker, a disparity may exist between the commissions borne by the Account and the commissions borne by Founders' other clients that do not direct Founders to use a particular broker-dealer. You also understand that by instructing Founders to execute all transactions on behalf of the Account through the Directed Broker, You may not necessarily obtain commission rates and execution as favorable as those that would be obtained if Founders was able to place transactions with other broker-dealers. You also may forego benefits that Founders may be able to obtain for its other clients through, for example, negotiating volume discounts or block trades.

If the Account is maintained on behalf of a plan subject to the Employee Retirement Income Security Act of 1974 ("ERISA") or similar government regulation, You represent that the Directed Broker is capable of providing best execution for the Account's brokerage transactions, and that the commission rates that You negotiated are reasonable in relation to the brokerage and other services received by the plan. You will monitor the services provided by the Directed Broker to assure that the plan continues to receive best execution and pay reasonable commissions. You represent that the use of the Directed Broker is for the exclusive benefit of the plan.

3. Custody. You have appointed or will appoint a separate custodian (the "Custodian") to take possession of the cash, securities, and other assets in the Account. Founders will have no access to the assets in the Account or to the income produced therefrom and will not be responsible for any acts or omissions of the Custodian. You have directed or will direct the Custodian to send a statement at least quarterly indicating all amounts disbursed from the Account (including the amount of any fees paid to Founders), all transactions occurring in

the Account during the period covered by the statement, and a summary of the Account positions and portfolio value at the end of the period. You have directed or will direct the Custodian to send copies of the Account statements to Founders, along with an indication that the statements have been sent to You.

4. **Reporting.** Founders will provide You with a quarterly Account statement which includes a summary of transactions and an inventory of holdings. You also will receive a confirmation of each transaction executed for the Account.

5. **Fees.** The Account will be charged an annual investment advisory fee of ____, paid quarterly in advance, in accordance with the fee schedule set forth in Appendix B.

a. **Payment.** This fee will be payable quarterly in advance upon deposit of any funds or securities in the account. The first payment is due upon acceptance of this agreement and will be based upon the opening value of the Account. The first payment will be prorated to cover the period from the date the Account is opened through the end of the next full calendar quarter. Thereafter, the fee will be based on the Account value on the last business day of the preceding calendar quarter and will be due the following business day.

b. **Additions and Withdrawals.** You may make additions to the Account at any time, subject to Founder's right to terminate an Account that falls below the minimum Account size. Additional assets received into the Account after it is opened will be charged a pro rata fee based upon the number of days remaining in the quarter. You may withdraw Account assets upon notice to Founders, subject to the usual and customary securities settlement procedures. No fee adjustments will be made for partial withdrawals or for Account appreciation or depreciation within a billing period. A pro rata fee will be charged if the Account is closed within a billing period. Founders will impose no start-up, closing, or penalty fees in connection with the Account.

c. **Payment Method.** You may indicate by initialing one of the options below how to arrange payment of Founders' fee. If left blank, Founders will assume the first option is selected.

____ Founders is authorized to invoice the Custodian directly for its fees, although it will simultaneously send a copy of its bill to You. You will be responsible for verifying the accuracy of the fee calculation -- the Custodian will not determine whether the fee is calculated properly. You agree to instruct Custodian to pay such fees directly to Founders.

____ Founders is authorized to invoice You directly for the payment of its fees. You agree to pay Founders separately by check. Under no circumstances will fees be deducted from amounts held in the Account.

d. **Changes to Fee.** You understand and agree that the fee set forth in Appendix B shall continue until 30 days after Founders has notified You in writing of any change in the amount of the fee applicable to the Account. At such time, the new fee will become effective unless You notify Founders in writing that the Account is to be closed.

e. **Other Fees and Charges.** You will be solely responsible for all commissions and other transaction charges and any charge relating to the custody of securities in the Account.

6. **Non-exclusive Relationship.** You acknowledge and agree that Founders may act as an investment adviser to other clients and receive fees for such services. The advice given and the actions taken with respect to such clients and Founders' own account may differ from advice given or the timing and nature of action taken with respect to your account. You further recognize that transactions in a specific security may not be accomplished for all clients' accounts at the same time or at the same price. You also acknowledge that in managing the Account, Founders may purchase or sell securities in which Founders, its officers, directors, or employees, directly or indirectly, have or may acquire a position or interest.

7. **Proxy Voting.** Unless the parties otherwise agree in writing, Founders shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held by an Account. You (or the plan fiduciary in the case of an Account subject to the provisions of ERISA) expressly retain the authority and responsibility for, and Founders is expressly precluded from rendering any advice or taking any action with respect to the voting of any such proxies. *If your custodian is a member of the New York Stock Exchange ("NYSE"), it will be necessary to complete Appendix C.*

8. **Assignment.** This agreement cannot be assigned or transferred in any manner by any party without the written consent of all parties receiving or rendering services under the agreement.

9. **Minimum Account Size.** The minimum size for the Account is One Hundred Thousand Dollars (\$100,000). Should the market value of the Account fall below the stated minimum, Founders shall have the right to require that additional monies or securities be deposited to bring the Account value up to the required minimum or to close the Account.

10. **Termination.** This agreement may be terminated by either party at any time without penalty upon written notice. Such termination shall not, however, affect liabilities or obligations incurred or arising from transactions initiated under this agreement prior to such termination, including the provisions regarding arbitration which shall survive any expiration or termination of this agreement. Upon termination, it is your responsibility to monitor the securities in the Account, and Founders will have no further obligation to act or advise with respect to those assets. If You terminate this agreement within five business days of its signing, You will receive a full refund of all fees and expenses. If this agreement is terminated after five business days of its signing, any prepaid fees will be prorated and the unused portion will be returned to You.

11. **Representations.**

a. Founders represents that it is registered as an investment adviser under the Investment Advisers Act of 1940 or any laws of any State and is authorized and empowered to enter into this agreement.

b. You represent and confirm that: (1) You have full power and authority to enter into this agreement, (2) the terms hereof do not violate any obligation by which You are bound, whether arising by contract, operation of law, or otherwise; and (3) this agreement has been duly authorized and will be binding according to its terms.

c. If this agreement is entered into by a trustee or other fiduciary, such trustee or fiduciary represents that the services to be provided by Founders are within the scope of the services and investments authorized by the governing instruments and/or laws and regulations applicable to You, and that such trustee or fiduciary is duly authorized to enter into and renew this agreement. The trustee or fiduciary shall provide Founders with copies of the governing instruments authorizing establishment of the Account. The trustee or fiduciary undertakes to advise Founders of any material change in their authority or the propriety of maintaining the Account.

12. ERISA Accounts. If the Account is subject to the provisions of ERISA, Founders acknowledges that it is a "fiduciary" as defined in that Act with respect to performing its duties under this agreement. You agree to maintain appropriate ERISA bonding for the Account and to include within the coverage of the bond Founders and its personnel as may be required by law. You represent that employment of Founders, and any instructions that have been given to Founders with regard to the Account, are consistent with applicable plan and trust documents. You agree to furnish Founders with copies of such governing documents. The person signing this agreement on behalf of You also acknowledges its status as a "named fiduciary" with respect to the control and management of the assets held in the Account, and agrees to notify Founders promptly of any change in the identity of the named fiduciary with respect to the Account. You also acknowledge that the Account is only a part of the plan's assets, and that Founders is not responsible for overall compliance of such investments with the requirements of ERISA or any other governing law or documents.

13. Risk. You recognize that there may be loss or depreciation of the value of any investment due to the fluctuation of market values. You represent that no party to this agreement has made any guarantee, either oral or written, that your investment objectives will be achieved. Founders shall not be liable for any error in judgment and/or for any investment losses in the Account in the absence of malfeasance, negligence, or violation of applicable law. Nothing in this agreement shall constitute a waiver or limitation of any rights which You may have under applicable state or federal law, including without limitation the state and federal securities laws.

14. Legal Proceedings. Founders shall have no obligation to render advice or take any action with respect to securities or other investments, or the issuers thereof, which become subject to any legal proceedings, including bankruptcies.

15. Notice. Any notice or other communication required or permitted to be given pursuant to this agreement shall be deemed to have been duly given when delivered in person, or sent by telecopy, sent by overnight courier, or three days after mailing by registered mail (postage prepaid). All notices or communications to Founders should be sent to the portfolio manager of the Account at Founders' main address. All notices or communications to You will be sent to the address contained in the questionnaire pertaining to the Account.

16. **Applicable Law.** This agreement will be interpreted under the laws of the State of Connecticut, without reference to principles of conflict of laws, provided that there is no inconsistency with federal laws.

17. **Entire Agreement.** This agreement represents our entire understanding with regard to the matters specified herein. No other agreements, covenants, representations, or warranties, express or implied, oral or written, have been made by any party to any other party concerning the subject matter of this agreement.

18. **Validity.** If any part of this agreement is found to be invalid or unenforceable, it will not affect the validity or enforceability of the remainder of this agreement.

19. **Disclosure Document.** You acknowledge receipt of Founders' Form ADV, Part II or similar disclosure document. You have the right to terminate this agreement without penalty within five business days after entering into the agreement. You also acknowledge that You have reviewed and understand the risk factors and the fees associated with the Account.

20. **Amendments.** Founders shall have the right to amend this agreement by modifying or rescinding any of its existing provisions or by adding new provisions. Any such amendment shall be effective 30 days after Founders has notified You in writing of any change, or such later date as is established by Founders.

21. **Arbitration Provision Clause.**

- a. **Arbitration is final and binding on all parties.**
- b. **The parties are waiving their right to seek remedies in court, including the right to jury trial, except to the extent such a waiver would violate applicable law.**
- c. **Pre-arbitration discovery is generally more limited than and different from court proceedings.**
- d. **The arbitrators' award is not required to include factual findings or legal reasoning and any party's right to appeal or to seek modification of rulings by the arbitrators is strictly limited.**
- e. **The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.**

Any controversy or dispute which may arise between You and Founders concerning any transaction or the construction, performance or breach of this agreement shall be settled by arbitration. Any arbitration shall be pursuant to the rules, then applying, of the American Arbitration Association, except to the extent set forth herein. The arbitration panel shall consist of at least three individuals, with at least one panelist having knowledge of investment advisory activities. The parties agree that any arbitration proceeding pursuant to this

provision shall be held in a location as determined by the rules of the American Arbitration Association. The award of the arbitrators shall be final and binding on the parties, and judgment upon the award rendered may be entered into in any court, state or federal, having jurisdiction.

The agreement to arbitrate does not entitle You to obtain arbitration of claims that would be barred by the relevant statute of limitations if such claims were brought in a court of competent jurisdiction. If at the time a demand for arbitration is made or an election or notice of intention to arbitrate is served, the claims sought to be arbitrated would have been barred by the relevant statute of limitations or other time bar, any party to this agreement may assert the limitations as a bar to the arbitration by applying to any court of competent jurisdiction, and You expressly agree that any issues relating to the application of a statute of limitations or other time bar, are referable to such a court. The failure to assert such bar by application to a court, however, shall not preclude its assertion before the arbitrators.

All principals to the account must sign. If any signatory is a fiduciary, the capacity in which he or she is acting should be indicated.

NOTE: THIS AGREEMENT CONTAINS A PRE-DISPUTE ARBITRATION CLAUSE WHICH IS LOCATED ON PAGE 5 AT PARAGRAPH 21.

Client Signature

Founders Capital Management, LLC

Name (Print)

Name (Print)

Date: ____/____/____

Title or Capacity

Date: ____/____/____

Client Signature

Name (Print)

Date: ____/____/____

STATEMENT OF INVESTMENT POLICIES AND GUIDELINES-2005

A. Introduction

This Statement of Investment Policies and Guidelines is set forth in order that:

1. Founders Capital Management, LLC (“Founders”) and you have a clear understanding of the nature, purpose and goals of this investment account.
2. Founders and you have agreed upon a basis for evaluation of the performance of this account’s assets.

The term “account” refers to the combination of assets which may, in fact, be held in separate accounts numbers. Percentage allocations to specific investment categories will always be calculated based upon the combined value of all assets managed for you by Founders.

This statement intends to establish a philosophy which will guide you and Founders toward the desired performance. It is intended that the objectives be sufficiently specific to be meaningful, but flexible enough to be practical. For non-tax deferred accounts, an effort will be made to manage this account on a tax efficient basis.

B. Investment Objective

Your Client Questionnaire indicates that the investment objective designated below may be the best way for you to meet your desired goal for this account, taking into consideration your time horizon and tolerance for risk:

- Conservative Income:** The Conservative Income portfolio attempts to achieve maximum current income with preservation of capital and liquidity as its primary objective. Typical investors in this portfolio are risk averse, look for stability of principal, and seek a market rate of income in very short-term securities.
- Income:** The Income portfolio attempts to achieve current income with long-term growth of principal by investing primarily in government securities and corporate bonds. Typical investors in this portfolio are willing to assume a low/medium level of principal risk and seek relatively stable current income with moderate growth potential over time.
- Conservative Growth:** The Conservative Growth portfolio attempts to achieve long-term growth of principal and income with moderate current income by investing primarily in stocks believed to offer growth potential plus market or above-market dividend income. Typical investors in this portfolio are seeking capital growth and income over time, and usually have a minimum investment time horizon of five years. Conservative growth investors are willing to accept some level of price volatility.
- Growth:** The Growth portfolio attempts to achieve long-term growth of principal with little concern for current income. Typical investors in this portfolio have a relatively

aggressive investment philosophy, seek long-term growth, and are not looking for current dividend income.

- Aggressive Growth:** The Aggressive Growth portfolio attempts to achieve maximum long-term capital growth by investing in stocks of small companies or narrow market segments. Typical investors in this portfolio have an investment horizon of five to ten years or longer, are comfortable with potentially sharp volatility in share prices, and have little or no concern for current income.

Please check one box below:

- I would like this account to be managed in accordance with the investment objective designated above.
- I would like this account to be managed in accordance with the following investment objective:
- Conservative Income
 - Income
 - Conservative Growth
 - Growth
 - Aggressive Growth

C. Investment Securities

To provide Founders with the flexibility to invest within the guidelines of your investment objective, the following types of assets may be purchased for your account:

1. **Cash and Equivalents:** Individual fixed income securities such as commercial paper (highest grade only), U.S. Treasury Bills and other similar instruments with less than one-year maturity such as money market funds and money market accounts.
2. **Fixed-Income Securities:** Certificates of Deposit, U.S. government bonds, U.S. agency bonds, corporate bonds, certain preferred stocks and real estate Investment trusts (REITs). When appropriate, investment grade Municipal Bonds may also be utilized to create tax-free income. Investments in mutual funds which purchase Fixed-Income Securities that meet these criteria may also be made.
3. **Equity Securities:** Large, medium and small capitalization U.S. common stocks and certain preferred stocks. Also common stock of non-U.S. companies. Mutual funds and exchange traded funds which invest in equity securities may also be purchased.
4. **Alternative Investments:** Alternative investments may include covered and uncovered stock options and also foreign currency denominated bonds that are subject to interest rate and exchange rate fluctuations. Typically, the maximum allocation to alternative investments is 15% of assets.

D. Asset Allocation Guidelines

Asset allocation will remain the responsibility of Founders. Founders will review overall asset allocation annually and make adjustments as needed. Founders may recommend shifts in asset allocation from time to time as market conditions change. An investment

strategy which is totally committed to a single class of assets, is inherently risky. Similarly, a strategy in which all funds have the same maturity date is risky. To reduce risks, the account will be diversified both as to asset mix and asset maturities.

As an overall policy, you have set forth the following general asset classification limits:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>
Cash and Equivalents		
Fixed-Income and Preferred Stock		
Equity Securities		
Alternative Investments		

E. Performance Monitoring

Performance monitoring of your plan's assets will be completed within the first four weeks following the conclusion of each quarter. Relative performance measurement may be utilized to evaluate the performance of these assets in relation to the objectives and also in relation to appropriate market indexes with like risk profiles.

The following indexes may be used to measure performance of the plan's assets:

- Standard & Poor's 500 Index
- Dow Jones Industrial Average
- Vanguard Intermediate Term Bond Index Fund
- Vanguard Intermediate Term Tax-Exempt Fund
- Lehman Brothers Intermediate Government/Corporate Bond Index
- Lehman 1-3 Year Treasury Note Index
- 90 Day Treasury Bill Rates

F. Review Meetings

You are encouraged to contact Founders at any time with any questions or concerns regarding your account. In addition, we will communicate with you on an annual basis to review the performance of your account and to update this Statement of Investment Policies and Guidelines as appropriate.

G. Additional Comments

H. Conclusion

This State of Investment Policies and Guidelines is designed to assist you and Founders to better understand the objectives of this account. It should not be considered a legal document or contractual obligation; rather it should be viewed as a flexible document whose purpose is to assist in the management of your account's assets.

I have read and understand this Statement of Investment Policies and Guidelines and agree that my account will be managed with an investment objective of _____.

Client Signature

Date

Client Questionnaire

1. Estimated annual income

- Under \$25,000, Amount \$ _____
- \$25,000-\$50,000
- \$50,001-\$100,000
- \$100,001 - \$200,000
- Over \$200,000

2. Estimated Net Worth (Exclusive of Residence)

- Under \$30,000, Amount \$ _____
- \$30,000-\$50,000
- \$50,001 -\$100,000
- \$100,001-\$500,000
- \$500,001 - \$1,000,000
- Over \$1,000,000

3. Estimated Liquid Net Worth

- Under \$30,000, Amount \$ _____
- \$30,000-\$50,000
- \$50,001 -\$100,000
- \$100,001-\$500,000
- \$500,001 - \$1,000,000
- Over \$1,000,000

4. What do you want to accomplish with these assets?

- Preserve asset value
- Generate high current income
- Achieve asset growth with moderate current income
- Achieve strong asset growth with nominal income
- Achieve maximum asset growth

5. I am comfortable with investments that may go down from time to time, if they offer the potential for higher returns.

- Strongly disagree
- Disagree
- Somewhat agree
- Agree
- Strongly agree

6. Please check your age in the box below.

- 35 or under
- 36 - 45
- 46 - 55
- 56 - 64
- 65 or over

7. How long will it be before you begin to make withdrawals from this account?

- 0 to 1 years
- 1 to 2 years
- 2 to 4 years
- 4 to 6 years
- More than 6 years

8. Once you begin taking withdrawals from this account, how long will the money in the account have to last before it is depleted?

- Lump sum
- Less than 1 year
- 1 to 5 years
- 6 to 10 years
- 11 or more years

9. How much of your current income will need to be generated from this account?

- 0 - 5%
- 6 – 15%
- 16 – 30%
- 31 – 50%
- Over 50%

10. How long could you cover monthly living expenses with cash and investments you currently have on hand?

- 1 month or less
- 1 – 3 months
- 3 – 6 months
- 6 to 12 months
- 12 months or more

11. What is your outlook for your future income from sources other than investments over the next ten years?

- It will greatly decrease
- It will decrease, but not by much
- It will stay the same
- It will increase, but not by much
- It will greatly increase

APPENDIX B

**FOUNDERS CAPITAL MANAGEMENT, LLC
FEE SCHEDULE**

In accordance with the following Fee Schedule, Clients will be invoiced in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter.

EQUITY PORTFOLIOS

The annual fee for portfolio management services for equity portfolios will be charged as a percentage of assets under management, according to the following schedule:

Assets under management	Annual Fee (%)
\$100,000 - \$250,000	1.00%
\$250,001 - \$500,000	1.00%
\$500,001 - \$750,000	1.00%
\$750,000 +	Negotiable*

BETWEEN FIXED INCOME AND EQUITY SECURITIES

For clients whose investment objective is in some way balanced between fixed income and equity securities, the total fee will often be at a negotiated level below the maximum shown above.

FIXED INCOME PORTFOLIOS

The annual fee for portfolio management services for fixed income portfolios will be charged as a percentage of assets under management, according to the following schedule:

Assets under management	Annual Fee (%)
\$100,000 - \$250,000	1.00%
\$250,001 - \$500,000	0.75%
\$500,001 - \$750,000	0.50%
\$750,000 +	Negotiable*

A minimum of \$100,000 of assets under management is required for this service. This account size and the annual portfolio management fees may be negotiable for related accounts and under certain other circumstances.

* Founders Capital Management will quote an exact percentage to each client based on both the nature and total dollar value of that account.

**APPENDIX C
DESIGNATION AND NOTICE**

Date:

TO:

FROM: Client

RE: PROXIES, ANNUAL REPORTS, AND RELATED MATERIALS

I (We) hereby designate Founders Capital Management, LLC at 111 Founders Plaza, Suite 1500, East Hartford, CT 06108, the investment adviser for my/our account number to receive proxy soliciting materials, annual reports, and other materials relating to the securities held in my/our account and to vote proxies for such securities. I/We understand that my/our designation, contained herein, can be revoked at any time by written notice to you.

Sincerely,

Client

cc: Founders Capital Management