

11. Default

If, (i) you fail to perform your settlement obligations or in the event your Prime Broker indicates its intention not to settle, or fails to settle, any of your Prime Brokerage Transactions, as set forth in paragraph 7 of this Agreement, (ii) any representation made by you shall have been incorrect or untrue in any material respect when made, (iii) you shall have admitted your inability to, or intention not to, perform any of your obligations hereunder, (iv) you file a petition or other proceeding in bankruptcy, insolvency, or for the appointment of a receiver, or such a petition or proceeding is filed against you, (v) a levy of an attachment is made against your account(s) with the Executing Broker, or Pershing (vi) you die or become mentally incompetent or you are a corporation that dissolves, or (vii) you shall have otherwise breached the terms of this Agreement (anyone being an "Event of Default"), the Executing Broker and Pershing shall have the right to sell, without prior notice to you, any and all property in which you have an interest held by or for the benefit of Pershing, to buy any property that may have been sold short, to cancel any outstanding transactions and/or to purchase or sell any other securities or other instruments to offset market risk, and you shall be liable to the Executing Broker for all losses, costs and expenses caused by such Event of Default, together with interest earned thereon from the date of such Event of Default at the prime rate, until payment in full is received by the Executing Broker.

12. Legally Binding

You hereby agree that this Agreement and all the terms hereof shall be binding upon you and your estate, heirs, executors, administrators, personal representatives, successors and assigns. You agree that all Prime Brokerage Transactions shall be for your account(s) in accordance with your oral or written instructions. You hereby waive any and all defenses that any such instruction was not in writing as may be required by the Statute of Frauds or any other similar law, rule or regulation.

13. Clearance Accounts

You agree that Pershing and its employees are third party beneficiaries of this Agreement, and that the terms and conditions hereof, including, but not limited to, the Arbitration and Telephone Conversations provisions, shall be applicable to all matters between or among any of you, Pershing and its employees, and the Executing Broker and its employees.

14. Margin Account, Security Interest, Consent to Loan or Pledge Securities

In the event your Prime Broker fails to settle any of your Prime Brokerage Transactions, Executing Broker shall open a margin account in your name on Pershing's books in accordance with Regulation T of the Board of Governors of the Federal Reserve System, and the following terms shall apply:

- (a) You hereby agree to deposit and maintain such margin in your margin account as Pershing may in its sole discretion require, and you agree to pay immediately on demand any debit balance therein. Upon your failure to pay, or at any time Pershing deems necessary for its protection, without prior demand, call or notice, Pershing shall be entitled to exercise all rights and remedies provided herein. Unless you advise us to the contrary, you represent that you are not an affiliate (as defined in Rule 144(a) (1) under the Securities Act of 1933) of the issuer of any security held in your account.
- (b) As security for the payment of your obligations to Pershing, Pershing shall have a continuing security interest in all property in which you have an interest held by or for the benefit of Pershing and may, without prior notice to you, use, apply or transfer any such property. In the event of a breach or default under this Agreement, Pershing shall have all rights and remedies available to a secured creditor in addition to the rights and remedies provided herein.