

Dear Customer: This letter contains important information for our customers.

Payment for Order Flow Practices

We are required by Securities and Exchange Commission rules to inform you of our policy regarding the receipt of “payment for order flow” from various third parties in connection with the routing of customer orders for execution. Payment for “order flow” shall mean any monetary payment, service, property, or other benefit that results in remuneration, compensation, or consideration to a broker or dealer for directing orders to specific brokers and dealers or to market centers for execution.

Ace Diversified Capital, Inc (“ADC”) does not receive payment for order flow. **Wedbush Securities, Inc.** (“WS”) acts as our clearing firm and WS directs all orders received to whatever source will offer customers the best execution at the prevailing best bid or offer. Market orders are subject to price improvement opportunities.

Investor Education and Protection

ADC and the FINRA (Financial Industry Regulatory Authority) firmly believe in educating and protecting investors. The FINRA oversees the activities of all securities firms and their registered securities professionals for the ultimate benefit and protection of the investor.

Please be advised that the FINRA offers an investor brochure describing the Public Disclosure Program. The investor brochure may be obtained via the FINRA web site (www.finra.org), FINRA call center (301) 590-6500, BrokerCheck hotline (800) 289-9999 or through FINRA Public Disclosure Program Hotline Number at (800) 239-9999.

Investor Protection

SIPC Disclosure: The Securities Investor Protection Corporation (SIPC) was created in 1970 as a non-profit, non-government, membership corporation, funded by member broker-dealers. Its primary role is to return funds and securities to investors if the broker-dealer holding these assets becomes insolvent. SIPC coverage is limited to \$500,000 per customer, including up to \$250,000 for cash. For more detail information, refer to www.sipc.org, (202) 371-8300, (Fax) (202) 371-6728, email: asksipc@sipc.org, address: 805 15th Street, N.W. Suite 800, Washington, D. C. 20005-2215

ADC and WS are SIPC members. In addition to the coverage provided by SIPC, WS has purchased from Lloyd’s of London an excess SIPC bond that provides additional coverage for up to \$25,000,000 in cash and securities for each client, subject to an aggregate loss limit of \$100,000,000. The excess SIPC bond, together with SIPC coverage, provides protection for cash credit balances for each client to a maximum of \$1,000,000. Clients may purchase additional protection for their accounts by contacting their Investment Executive, who can provide information and pricing. (The protection will replace clients’ cash and/or securities that are missing. It does not cover clients from losses resulting from the decline in the market value of securities held in their accounts)