



ANTI-MONEY LAUNDERING (AML) COMPLIANCE POLICY

This AML policy is effective 10-20-2009.

FEIN 27-1145796

INTRODUCTION

In response to the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA Patriot Act) and the Bank Secrecy Act (BSA), Royal Metals Group has adopted an Anti-Money Laundering (AML) Compliance Policy ("Policy"). The purpose of the Policy is to comply with the federal requirements that certain companies, including Royal Metals Group, establish anti-money laundering programs and file Suspicious Activity Reports. The government reasons that because a company's directors, officers and employees are at the forefront of each transaction, they can more easily recognize suspicious activity. In general, "money laundering" is the act of concealing or disguising the true origin of the proceeds of criminal activities so that those proceeds appear to have originated from legitimate sources. Money laundering occurs in three stages. During the "placement" stage, the cash generated from criminal activities is converted into monetary instruments or deposited into accounts at financial institutions. In the "layering" stage, funds are transferred or moved into other accounts or financial institutions to further separate the money from its criminal origin. Finally, in the "integration" stage, funds are reintroduced into the economy and used to purchase legitimate assets or to fund other criminal activities or legitimate businesses. Terrorist financing involves the use of money, which may be lawfully obtained, to fund illegal activities. Because these transactions often have a legitimate origin and can often involve small amounts of money, terrorist financing can be more difficult to identify than money laundering activities, although an effective AML program can help prevent the use of funds for

terrorism activities. The federal government has identified precious metals and bullion dealers as being susceptible to money laundering schemes and requires these companies that sell precious metals or bullion products to implement an AML program to combat money laundering. Royal Metals Group (referred hereafter as Company) completed a risk assessment to identify any potential areas of vulnerability of money laundering. The Company has identified areas of potential vulnerability and is taking steps to create automated processes to monitor and catch suspicious activities. All Royal Metals Group's employees and Agent/Advisors will complete AML training approved by the Company such as LIMRA. Royal Metals Group employees and agent/advisors will read and sign this Policy and those closest to potential money laundering activity must receive formal AML training to process any business for the Company. The Company has a legal obligation to avoid and report transactions with individuals who intend to purchase our products for money laundering or terrorist financing. This AML policy will ensure our compliance with this obligation. Failure to comply with the money laundering laws could result in severe civil or criminal penalties to Royal Metals Group employees and agent/advisors.

II. ANTI-MONEY LAUNDERING COMPLIANCE OFFICER

Pursuant to the USA Patriot Act, Royal Metals Group designates Richard Gless as its AML Program Compliance Officer ("Compliance Officer"), with full responsibility for Royal Metals Group's AML Compliance Program ("Program"). The duties of the Compliance Officer will include implementing and monitoring Royal Metals Group's Program,

overseeing communication with and training for employees and agent/advisors, making sure Royal Metals Group keeps all proper AML records, keeping informed of any new laws or regulations concerning the Program, apprising Royal Metals Group employees and agent/advisors of any updates or changes to the Program, and ensuring that Royal Metals Group Agents and FMO's receive proper training and updated information regarding the Company's Program. The Compliance Officer shall communicate with all personnel and agent/advisors in making sure the appropriate entities are informed of any changes and updates. The Compliance Officer shall make sure that all customers and benefiting parties are checked against international anti-money laundering databases on a regular basis. The Compliance Officer shall be in charge of submitting the Suspicious Activity Report ("SAR") to the Financial Crimes Enforcement Network ("FinCEN") and any reports required to be submitted to the Office of Foreign Assets Control ("OFAC").

III. CHECKING THE OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") LIST

To further U.S. foreign interests and national security, OFAC regulations clearly identify countries and individuals identified as hostile. Before opening an account, and on an ongoing basis, Royal Metals Group will check the U.S. Treasury Department's OFAC "Specifically Designated Nationals and Blocked Persons List" (the "SDN List") to ensure that a customer or business does not appear on the SDN List and is not from, or engaging in transactions with persons or entities from, the countries and regions on the SDN List. Royal Metals Group will run the name of every individual in their database against the SDN List. This includes any and all entities or individuals associated with Royal Metals Group. The SDN List will be run each week and a report will be generated at that time. Employees under the supervision of the Compliance Officer will review the reports in a timely fashion. Anyone on the report will be investigated by the Compliance Officer and reported to the proper authorities if necessary. This activity will be done in strict confidentiality. This review process shall be conducted on each and every business day a report is run.

IV. REPORTING A MATCH ON THE SDN LIST

If Royal Metals Group identifies an individual or business matching the SDN List or is from or transacting with a person, entity, country, or region on the SDN List, Royal Metals Group will block the transaction and contact OFAC Compliance within 10 days of discovery. The Company will not resume normal operations under the policy or transaction until all necessary steps have been taken with the OFAC. Distinct from SAR regulations, under OFAC guidelines, the Company may notify the subject individual or business that the policy or transaction has been blocked.

V. CUSTOMER IDENTIFICATION AND VERIFICATION

Because Royal Metals Group acknowledges that its Agent/Advisors must know who their customers are and provide adequate information to the Company, Royal Metals Group has established, documented, and maintained a Customer Identification Program. Royal Metals Group will require an Agent/Advisor to submit among other things: the customer's name; the source of the money being transmitted and proper United States Identification (valid state I.D., Driver's License, valid U.S. passport) For each transaction, the Agent will certify that they viewed a government issued photo identification and submit a copy to Royal Metals Group. Agent/Advisors must pass an accredited LIMRA AML Training Certification or an equivalent accredited AML Training Certification Each purchase will contain the customer's date of birth; the customer's social security number; the customer's residential address. In addition, the source of funds is recorded and becomes part of the consumer's file. If a customer refuses to provide the above information to the Agent/Advisor, Royal Metals Group cannot assess the true identity of the customer, Royal Metals Group will not accept any business. The Compliance Officer will be contacted in this situation to determine whether anything should be reported to the proper authorities. Royal Metals Group will use risk-based procedures to verify and document the accuracy of the information received about our customers. All identification information obtained pursuant to this section will be maintained for five (5) years after purchase date.

VI. MONITORING FOR SUSPICIOUS ACTIVITY

Transaction-based monitoring will occur at the point of purchase utilizing all current list scrubbed in "Real Time" with current government lists. Special attention should be given to unusual patterns or volumes of transactions by a particular consumer. The "red flags" identified at the end of this Policy shall also be monitored. If a problem is realized, notify the Compliance Officer immediately. All documentation regarding this activity will be retained for five (5) years after the occurrence or for five (5) years after filing a SAR, whichever is longer.

VII. REPORTING SUSPICIOUS ACTIVITY

Royal Metals Group shall file a SAR for any activity conducted or attempted to be conducted involving \$5,000 or more of funds or assets where we know, suspect or have reason to suspect that the transaction: (1) Involves, hides, or disguises funds derived from illegal activities; (2) Is designed to evade the requirements of the Bank Secrecy Act; (3) Has no known business or lawful purpose; and (4) Uses Royal Metals Group to facilitate criminal activity (E.g. Suspicion that legally obtained funds from the company are to be used for criminal purposes). Royal Metals Group must report the suspicious transaction within thirty (30) days of becoming aware of it by

completing a SAR and filing it in a central location to be determined by FinCEN.

VIII. INFORMATION SHARING OF SUSPICIOUS ACTIVITY

Upon filing the SAR, Royal Metals Group should retain copies of the SAR and all supporting documentation for investigative purposes. We will maintain such information and will make the information available to FinCEN, and any other appropriate law enforcement or regulatory body upon request.

IX. RECORD KEEPING

Royal Metals Group will retain copies of any SAR or OFAC report filed and all supporting documentation for five (5) years from the date of filing. Pursuant to our confidentiality obligations (section XIII), we reserve the right to refuse any subpoena requests for SAR or SAR related information and will notify FinCEN immediately of such request.

Royal Metals Group agents should retain copies of any SAR filed or reported to Royal Metals Group for five (5) years from the date of filing or reporting the SAR. Agents should also retain relevant information illustrating their client's identity for five (5) years. The agent's record keeping requirements will be clearly discussed in the Agent/Advisor's Guide to Anti-Money Laundering.

X. TRAINING PROGRAMS

Royal Metals Group is required by law to develop and implement an ongoing employee and Agent/Advisor training certification program. The Compliance Officer shall lead developing and maintaining this program. All employees of Royal Metals Group must complete the Company's AML certification program. All accredited professional courses such as LIMRA will be acceptable at the Compliance Officer's discretion. All persons employed on or after November 01, 2009 will be required to complete the Company's AML training course. All employees will receive a copy of this AML Policy and must sign and return to the compliance officer acknowledging that they have reviewed the policy. Additional specific training will be provided to those employees expected to handle money, requests, or processing that may bring them into frequent contact with potential AML-related information.. Agents shall complete the necessary AML training through Royal Metals Group's agent website or through an alternative source approved by the Company, such as LIMRA. Royal Metals Group's online policy will cover the basic elements of money laundering and will ensure that an Agent/Advisor has reviewed these elements and additional AML-related information prior to completion. Agents who have completed AML training through an alternative source, such as LIMRA's AML training, shall notify Royal Metals Group of the completion of their training. Royal Metals Group will review this alternative training program on a case-by-case basis to ensure it covers the basic

elements of money laundering and meets Royal Metals Group's AML standard. Each Royal Metals Group's Agent/Advisor will also be provided and complete ongoing training on the topic of money laundering. An Agent/Advisor who has not completed AML training will not be contracted with Royal Metals Group.

XIV. VIOLATIONS

Failure to file a SAR may lead to civil and criminal penalties. Any willful violations can result in civil fines as great as \$100,000, but no less than \$25,000, depending on the amount involved in the transaction. Any such violations can also lead to criminal penalties of up to \$250,000, five (5) years imprisonment, or both. Repeated or patterns of violations can result in even higher fines and penalties. Failure to file a match on the SDN List with the OFAC may lead to substantial civil and criminal penalties. Criminal penalties can include fines ranging from \$50,000 to \$10,000,000 and imprisonment ranging from 10 to 30 years for willful violations. Civil penalties can include fines ranging from \$250,000 to \$1,075,000 for each violation.

XV. AFFECTED EMPLOYEES AND DEPARTMENTS

All employees and departments will require AML training and implement policies to detect and cause the reporting of suspicious activities. Each client will be run against the SDN List to ensure that the individual is not on the SDN List. Royal Metals Group will not accept money orders, cash equivalents (other than cashier's checks drawn on the remitter's account from a U.S. bank) or cash to fund purchases of its products. All associates are trained in the sources of funds Royal Metals Group accepts for funding purchases. Any suspicious activities or red flags will be reported to the Compliance Officer.

XI. ACCEPTABLE SOURCES OF FUNDS

Understanding the source of funds used to purchase precious metals is critical to fulfilling the Company's obligations under the Patriot Act. Royal Metals Group will not accept money orders, checks or wire transfers from a foreign bank, checks not payable to Royal Metals Group, checks drawn on the account of someone other than the client, and cash equivalents such as traveler's checks. Royal Metals Group will accept cashier's checks from a U.S. bank from the remitter's account when the remitter on the cashier's check is the client.

XII. AUDITS

The Compliance Officer will be responsible for maintaining and overseeing an internal audit process every year or as needed for providing guidance and assistance in the development and implementation of Royal Metals Group's AML Compliance Program. The Company's internal audit department shall conduct a review of the Program on an annual basis or as needed.

XIII. CONFIDENTIALITY

The SAR and any SAR-related supporting documentation shall be considered confidential. Royal Metals Group can obtain customer information from its Agent/Advisors necessary to detect and report suspicious activity. Royal Metals Group, its directors, officers, employees, Agents/Advisors or FMOs cannot notify any person involved in the suspected transaction that the transaction has been reported. Royal Metals Group, its directors, officers, employees, Agent/Advisors and FMOs cannot be held liable to any person for voluntarily disclosing any possible violation or for disclosing a violation pursuant to the USA Patriot Act, and cannot be liable for failing to provide notice to the named suspect or other associated persons of any SAR disclosure. Royal Metals Group, its Agent/Advisors and FMOs, and other financial institutions involved in the same suspicious transaction may confer and share information with one another pertaining to the transaction, so long as such sharing does not notify the subject or any associated persons of the transaction that the transaction has been reported.

XVI. EMPLOYEE ACTION

If there is clear evidence of fraud or immediate financial loss to Royal Metals Group but the transaction has not yet triggered a match on the SDN List, the transaction should be processed. Transactions which may be questionable should not be held up. Any suspicion should not be conveyed to the applicant or Agent/Advisor. The individual processing a potentially questionable transaction should immediately notify the AML Compliance Officer. Employees should not attempt an in-depth investigation on their own. In-depth investigations must be left to the Compliance Officer and Management. After an investigation, the AML Officer will decide if a SAR should be filed.

XVII. MONITORING INTERNAL REPORTS

The Company will monitor several areas through weekly automated internal reports to ensure compliance with this AML policy. Royal Metals Group will first monitor all forms of payment to ensure that the source of funds complies with Royal Metals Group's acceptable forms of payment. Royal Metals Group will monitor purchases to ensure that our products are not being used to launder money.

"RED FLAGS" THAT SIGNAL POSSIBLE MONEY LAUNDERING ACTIVITY INCLUDE:

- _ Client exhibits unusual concern regarding the company's compliance with government reporting requirements and the company's AML policies, perhaps with the customer's identity, or is reluctant or refuses to reveal any information concerning business activities, or furnishes unusual or suspicious identification or business identification.
- _ Customer wishes to engage in transactions that lack business sense or apparent financial strategy, or are inconsistent with the customer's stated business or financial strategy or needs.

- _ The transfer of the product to an apparently unrelated third party.
- _ Little concern by the customer of the purchase price or the buy-back offer's
- _ Information provided by the customer that identifies a legitimate source for funds is false, misleading, or substantially incorrect.
- _ Upon request, the customer refuses to identify or fails to indicate any legitimate source for his or her funds and other assets.
- _ The customer (or a person publicly associated with the customer) has a questionable background or is the subject of news reports indicating possible criminal, civil, or regulatory violations.
- _ The customer appears to be acting as an agent for an undisclosed principal, but declines or is reluctant, without legitimate commercial reasons, to provide information or is otherwise evasive regarding that person or entity.
- _ The customer has difficulty describing the nature of his or her business or lacks general knowledge of his or her industry.
- _ The customer attempts to make frequent or large deposits of currency, insists on dealing only in cash equivalents, or asks for exemptions from the company's policies relating to the deposit of cash and cash equivalents.
- _ The customer engages in transactions involving cash or cash equivalents or other monetary instruments that appear to be structured to avoid the \$10,000 government reporting requirements, especially if the cash or monetary instruments are in an amount just below reporting or recording thresholds.
- _ The customer is from, or has accounts in, a country identified as a non-cooperative country or territory by the FATF.
- _ The customer's account has unexplained or sudden extensive wire activity, especially in accounts that had little or no previous activity.
- _ The customer's account shows numerous cashiers check transactions aggregating to significant sums.
- _ The customer's account has a large number of wire transfers to unrelated third parties.
- _ The customer's account has wire transfers that have no apparent business purpose to or from a country identified as a money laundering risk or a bank secrecy haven.
- _ The customer makes a funds deposit followed by an immediate request that the purchase be cancelled with no concern for cancellation fees.
- _ The customer requests that a transaction be processed in such a manner to avoid the company's normal documentation requirements.

For additional information, please visit the Financial Crimes Enforcement Network (FinCEN) at www.fincen.gov.