

# Internal Compliance Memo (Summary and Mandate)

## MEMORANDUM

TO:	All Registered Representatives and Supervisory Personnel
FROM:	Max Mustermann, Chief Compliance Officer (CCO)
DATE:	November 21, 2025
SUBJECT:	Mandatory Update: Monitoring and Reporting of Senior Investor Vulnerability (Policy C-2025.4)
INTERNAL REFERENCE:	[Compliance Bulletin #2025-11-003]

### I. Purpose and Applicability

This memorandum serves to inform all personnel of an immediate, mandatory update to the firm's procedures regarding the monitoring and reporting of potential financial exploitation or diminished capacity concerning our **Senior Investor Clients** (defined as clients aged 65 or older, or any client the firm reasonably believes to be a vulnerable adult). This revision aligns with the updated guidance from the **North American Securities Administrators Association (NASAA)** model rule and the firm's commitment to our **Client Protection Policy (CPP)**. The full text of the revised policy, **Policy C-2025.4**, is appended hereto and is effective December 1, 2025.

### II. Key Procedural Changes (Immediate Mandate)

The following steps are now **MANDATORY** and must be strictly followed:

#### 1. Required Trusted Contact Person Verification (CPV):

All new client account applications and all existing accounts must have a designated Trusted Contact Person (TCP) who is NOT a control person for the account.

- **Documentation:** If a TCP is unavailable for an existing account, the Registered Representative must document three separate, good-faith attempts to obtain this information and store the records in the **[Apex CRM System, folder: CPP-TCP]**. The documentation must include dates and methods of contact.

#### 2. Temporary Disbursement Hold Policy (TDH):

If a Registered Representative or Supervisor has a reasonable belief that financial exploitation of a senior client is occurring or has been attempted, they **MUST** immediately implement the following:

- **Delay Disbursement:** Place a temporary hold on the disbursement of funds from the client's account for a maximum of **15 business days**.

- **Notification:** Immediately complete the **Suspicious Activity Reporting Form (SAR-F)** (see Appendix B) and notify the CCO (**Max Mustermann**) and Legal Counsel (**Erika Mustermann**).
- **Extension:** The hold may be extended for an additional **10 business days** only upon written instruction from the CCO, which must be immediately uploaded to the **[Apex CRM System]**.

### 3. Training Mandate:

All personnel are required to complete the [2026 Senior Investor Protection Module (SIP-2026)] by December 31, 2025. Failure to complete this training will result in a suspension of trading privileges.

### III. Reminder on Outside Business Activities (OBA)

As a reminder, all OBA, including volunteer roles where the Registered Representative handles or has influence over any client's financial assets, **MUST** be pre-approved by the CCO annually. Any OBA not recorded in the **[OBA Centralized Log]** by the end of this quarter will be deemed a violation of **Internal Policy 45-C**.

## Appendix A - Policy C-2025.4 (Full Text)

### Appendix A: Global Zenith Policy C-2025.4

(Effective December 1, 2025)

#### Section 1. Definitions

- **Senior Investor Client:** Any person 65 years of age or older; or any person the firm reasonably believes to be a vulnerable adult based on cognitive or physical impairment that hinders their ability to make financial decisions.
- **Financial Exploitation:** (a) The unauthorized taking, withholding, appropriation, or use of a Senior Investor Client's funds, assets, or property; or (b) The act or omission of a person including, but not limited to, the TCP, that causes the Senior Investor Client to suffer an improper or unjust financial loss.
- **Trusted Contact Person (TCP):** A natural person identified by the client, pursuant to **Client Agreement 12.3**, whom the firm is authorized to contact under specific circumstances, including suspicion of financial exploitation or concerns about the client's mental or physical health.

#### Section 2. Scope and Responsibility

This policy applies to all employees, consultants, and independent contractors of Global Zenith Wealth Management and its subsidiaries. The Supervisory Principal assigned to each office is responsible for the immediate implementation and oversight of this policy within their respective branches. Compliance maintains the ultimate authority to override any decision related to a Temporary Disbursement Hold (TDH).

#### Section 3. Client Account Opening and Review

**3.1. New Accounts:** During the client onboarding process, the Registered Representative must verbally explain the purpose of the TCP designation. If the client

refuses to designate a TCP, the RR must immediately document the refusal in the **[Apex CRM System]** using the pre-approved disclaimer code: **[TCP-REF-C2025.4]**.

3.2. **Annual Review:** As part of the annual client review process, the RR must confirm the accuracy of the TCP designation and update contact information. This confirmation is mandatory and must be logged in the CRM by **March 31** of each calendar year.

## Appendix A - Policy C-2025.4 (Detailed Procedures)

### Section 4. Temporary Disbursement Hold (TDH) Initiation

4.1. **Reasonable Belief Standard:** A reasonable belief of exploitation exists when the RR or Supervisor observes **two or more** indicators from the firm's approved **Vulnerability Indicators List (VIL)** (e.g., unusual wire transfers to a new party, sudden changes to estate planning documents, unexplained lack of access to their own statements). The VIL is available on the Compliance Intranet.

4.2. **Hold Initiation:** Upon forming a reasonable belief (per 4.1), the TDH must be initiated within **four (4) business hours** of the initial observation. The hold must be placed on the specific transaction(s) causing concern, or a full account hold may be implemented if deemed necessary by a Supervisory Principal.

4.3. **Contacting the TCP:** Within **two (2) business days** of initiating the TDH, the firm **MUST** contact the designated TCP to discuss the suspected financial exploitation, unless the TCP is suspected of being the perpetrator. The details of this conversation, including the TCP's reaction, must be meticulously documented in the **[SAR-F]** form.

### Section 5. Reporting and Escalation

5.1. **Internal Reporting:** The completed **[SAR-F]** form (Appendix B) must be submitted to the CCO and Legal within **24 hours** of the hold initiation.

5.2. **External Reporting:** The CCO or a designated member of the Legal Department will be responsible for filing a formal report with the appropriate state adult protective services agency and/or state regulator, as required by law, within **seven (7) calendar days** of initiating the TDH.

5.3. **Hold Termination:** The TDH must be terminated no later than the 15th business day unless extended by the CCO, or if: (a) the firm is unable to gain consensus on the exploitation, or (b) the firm is notified by a regulatory authority to lift the hold.

## Appendix B - Vulnerability Indicators List (VIL) and Sign-Off

### Appendix C: Vulnerability Indicators List (VIL)

The presence of one indicator is cause for caution; the presence of **two or more** constitutes the "Reasonable Belief" standard under Policy C-2025.4.

1. **Sudden Account Activity:** Uncharacteristic increase in transactions, especially outgoing transfers or withdrawals that conflict with the client's historical financial profile or stated goals.

2. **Unusual Beneficiary Changes:** Sudden, unexplained changes to beneficiaries on life insurance policies, annuities, or trust documents, particularly if the new beneficiary is a new acquaintance or non-family member.
3. **Third-Party Presence:** An unfamiliar third party, or a party who recently gained power of attorney, is now controlling all communication and financial decisions and prevents the client from speaking privately.
4. **Inconsistent Instructions:** Conflicting or highly inconsistent instructions regarding financial matters from the client, or an apparent lack of understanding of recent financial activity.
5. **Physical or Cognitive Indicators:** Observable signs of physical neglect, loss of memory, or confusion during routine conversations about their account balances or investment statements.
6. **Pressure or Fear:** Client exhibits fear, hesitation, or confusion when discussing financial transactions, particularly when the suspected perpetrator is present.

### **Mandatory Acknowledgment and Compliance Sign-Off**

**I hereby acknowledge that I have read, understand, and agree to fully comply with the revised Policy C-2025.4 regarding Senior Investor Vulnerability and the related procedural mandates outlined in [Compliance Bulletin #2025-11-003].**

**I understand that non-compliance with the Temporary Disbursement Hold Policy (TDH) or the mandatory training requirement is a disciplinary offense.**

<b>Employee Name (Print):</b>	____ John Smith _____
<b>Signature:</b>	_____ _____
<b>Date:</b>	____ 25 August 2024 _____

### **For Compliance Use Only**

<b>Policy C-2025.4 Training Completed:</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Date Logged in HR System:</b>	_____ _____