

## **EMERALD ASSET ADVISORS, LLC DISASTER RECOVERY PLAN**

### **Introduction:**

The purpose of this Disaster Recovery Plan is to bolster our company's ability to recover from a business interruption and minimize lost time in the event of an emergency or crisis. The aim of this plan is to:

- identify ways to minimize the effects of a business interruption
- assure business continues through an interruption and that there is rapid resumption of business after the interruption passes; and
- create and implement ways to give employees the ability to respond to and to recover from various disasters.

This plan is designed to be as broad in scope as possible, while specifically covering plans for business continuity and resumption should a disruption occur as a result of one our likely hazards, such as hurricanes, power outages, floods and fires.

### **Emergency Contacts:**

In the event that our company experiences a disaster or business disruption, our firm's two emergency contact persons are:

Scot Hunter, CEO and Principal

Telephone: (954) 332-0689 Ext. 118 or cell: (954) 553-5619 or 970-925-8977

E-mail: [shunter@emeraldasset.com](mailto:shunter@emeraldasset.com)

Allan Budelman, Managing Partner and Principal

Telephone: (954) 332-0691 Ext. 122 or cell: 954-465-5939

E-mail: [abudelman@emeraldasset.com](mailto:abudelman@emeraldasset.com)

These names will be updated in the event of a material change, and our Chief Compliance Officer will review them within 30 business days of the end of the year.

### **Firm Policy**

Our firm's policy is to respond to a Significant Business Disruption (SBD) by safeguarding employees' lives and firm property, making a financial and operational assessment, quickly recovering and resuming operations, protecting all of the firm's books and records, and allowing our customers to transact business. In the event that we determine we are unable to continue our business, we will assure customers prompt access to their funds and securities.

## **Significant Business Disruptions (SBDs)**

Our plan anticipates two kinds of SBDs, internal and external. Internal SBDs affect only our firm's ability to communicate and do business, such as a fire in our building. External SBDs prevent the operation of the securities markets or a number of firms, such as a terrorist attack, a hurricane, or a wide-scale, regional disruption. Our response to an external SBD relies more heavily on other organizations and systems, especially on the capabilities of our custodian, Charles Schwab and Company.

## **Approval and Execution Authority**

Allan Budelman, a registered principal and Chief Compliance Officer, is responsible for approving the Plan and conducting the required annual review. Allan Budelman and Scot Hunter both have the authority to execute this DRP.

## **Plan Location and Access**

Our firm will maintain copies of its Disaster Recovery Plan and the annual reviews, and the changes that have been made to it for inspection. An electronic copy of our plan is located on EAA "server" in the Chief Compliance Officer's Compliance Folder. (Q drive:Compliance folder: Compliance Subfolder: Disaster Recovery Folder). The firm also maintains a separate password protected document, the "Disaster Recovery Cheat Sheet" which contains detailed instructions to carry out all DRP critical functions including data restoration, alternative location address, phone redirect, client contact, accessing trading and portfolio management programs, etc. Each employee maintains an electronic copy of this document in a secure location.

## **Business Description**

The Firm renders investment advice to its clients regarding the selection of investment management firms or other investment vehicles which purchase securities for the clients' account(s) and actively manage the portfolios on a daily basis. The Firm may also render investment advice to clients regarding accounts of the client managed by other investment advisors or on the selection of mutual funds. The Firm may also act directly as the portfolio manager for certain portions of the clients assets.

We also accept and enter orders and accept and process requests for delivery of funds and securities. All transactions are sent to our custodian, which executes our orders, compares them, allocates them, clears and settles them. Our custodian also maintains our customers' accounts, can grant customers access to them, and delivers funds and securities. Our firm presently services only retail customers.

Charles Schwab is one of our two custodians. We have been given the following contact information to provide to our clients in case they need to contact Schwab directly:

Charles Schwab and Company  
101 Montgomery Street

San Francisco, CA 94104  
[www.schwab.com](http://www.schwab.com)  
Telephone: 1-800-515-2157

Our contact person at our custodian is Jim Kovach, Southern Sales Region. He is our regional contact with Schwab.

Charles Schwab & Co., Inc.  
150 East Palmetto Park Road, Suite 330  
Boca Raton, FL 33432

Telephone: (561) 416-4849 Cell: (407) 432-5647  
Fax: (561) 416-2073  
Assistant: Tina Aguinaldo  
Telephone: (561) 416-1779

Our primary contact on our Schwab Institutional Service Team (IST #7) is:

Alicia Leuven, Team Lead Telephone (407) 806-2629 Fax: (888) 232-7690  
Charles Schwab  
Attn: IST East Team 7  
1958 Summit Park Drive  
Orlando, FL 32810

Schwab has also given us the following alternative contact information in the event that they cannot be reached at the afore-mentioned numbers. This contact information is for the Southeastern Service Team. Both IST #7 and the Southeastern Service Team will have the capacity to roll over their responsibilities to other regional sales teams in the event of a regional disruption:

Charles Schwab & Co., Inc.  
1958 Summit Park Drive  
Suite 400, Orlando, FL 32810  
(407) 806-6340

Our other custodian is Pershing Advisor Solutions. We have been given the following contact information to provide to our clients in case they need to contact Pershing directly:

Pershing Advisor Solutions LLC  
One Pershing Plaza, 4<sup>th</sup> Floor  
Jersey City, NJ 07399  
[www.pershing.com](http://www.pershing.com)  
Telephone: (800) 445-4467

Our primary contact person at Pershing is Jimmie Crapps. His contact information is:

Telephone: 321-249-4534  
[jcrapps@pershing.com](mailto:jcrapps@pershing.com)

We have also been assigned to Client Services Team One, they can be reached at  
Telephone: 855-233-4089

If Jimmie is not available, his phone will roll over to other team members; if the entire team is not available, calls will automatically rollover to other regional teams in the event of a regional disruption.

### **Office Locations**

The Firm is located at 2843 Executive Park Drive, Weston, FL, 33331. We engage in financial advisement at this location. The main telephone number is 954-385-9624. If we cannot be reached at those numbers, we may be contacted at our alternative emergency contact 954-465-5939. Denise Karp will be responsible for directing the emergency contact number to a functional location where clients may leave secure messages, get updates on when we will be resuming operations, and speak to a Firm representative. (Instructions for implementing the emergency contact number are attached to this DRP)

### **Alternative Physical Location(s) of Employees**

In the event of a SBD where our location is no longer functional, we will move our staff to offsite to a hotel, employee home or any other location with internet access and telephone service.

Our data is backed up daily to iBackup, online backup service, which maintains physical server locations throughout the country. iBackup is fully compliant with federal mandates Sarbanes-Oxley, GLBA and relevant Acts of the SEC.

In addition, should we not be able to access our online backup for any reason, the Schwab Institutional website, our portfolio management system (Portfolio Center), CRM, trading software, and our email service provider are web based and accessible to us from any location where there is internet service. If our facility is not operational, we will be able to use alternative locations with computer facilities or use our lap tops to view accounts, request funds and execute transactions, and communicate with our clients via our usual email addresses. Having almost all critical systems web based allows us to fulfill most of our critical requirements seamlessly. Attached to this Disaster Recovery Plan are the Disaster Recovery Disclosure Documents for Schwab, Tamarac (Portfolio Management & Reporting, CRM, Trading Platform) and Global Relay (Email).

### **Customers' Access to Funds and Securities**

Our firm does not maintain custody of customers' funds or securities, which are maintained at our custodian, Charles Schwab. In the event of an internal or external SBD, if telephone service is available, our staff will take customer orders or instructions and contact our custodian on their

behalf. If our Web access is available, our firm will post on our Web site that customers may access their funds and securities by contacting us at (954) 385-9624 or Schwab at (800) 515-2157. We will also provide an emergency contact number (866) 385-1627 via our website for use if our regular number is not functional. The firm will make this information available to customers through its disclosure policy.

### **Data Back-Up and Recovery (Hard Copy and Electronic)**

Our firm maintains its primary hard copy books and records and its electronic records at 2843 Executive Park Drive, Weston, FL 33331. Allan Budelman (954-332-0691 or 954-465-5939) and Denise Karp (954-332-0690 or 954-655-6282), are responsible for the maintenance of these books and records.

Our firm maintains the following document types and forms that are not transmitted to our clearing firm:

- Investment Advisory Agreement
- Client Profile & Questionnaire
- Client Proposals
- Correspondence
- Firm Financial Books and Records

These forms are scanned and stored on our server. The firm automatically backs up its electronic records daily and keeps a copy in the Cloud via iBackup.

In the event of an internal or external SBD that causes the loss of our paper records, we will physically recover them where possible. If our primary site is inoperable, we will continue operations from our back-up site or an alternate location. For the loss of electronic records, we will either physically recover the storage media or electronically recover data from iBack-up, or, if our primary site is inoperable, continue operations from our back-up site or an alternate location.

### **Operational Assessments**

#### **Operational Risk**

In the event of an SBD, we will immediately identify what means will permit us to communicate with our customers, employees, critical business constituents, critical banks and regulators. Although the effects of an SBD will determine the means of alternative communication, you may obtain information by contacting us at the following numbers or viewing our website at:

Our Website: [www.emeraldassetadvisors.com](http://www.emeraldassetadvisors.com)  
Scot Hunter, CEO  
Telephone: (954) 332-0689 or cell: (954) 553-5619  
E-mail: [shunter@emeraldasset.com](mailto:shunter@emeraldasset.com)

Allan Budelman, Managing Partner  
Telephone: (954) 332-0691 or cell: (954) 465-5939  
E-mail: [abudelman@emeraldasset.com](mailto:abudelman@emeraldasset.com)

If you cannot access us through the above numbers, you should call our alternative number, (954) 465-5939, for instructions on how to contact us or our custodians, Charles Schwab and Pershing, on how we can assist you with promptly accessing your funds and securities, entering trade orders and processing any other trade-related, cash and security transfer transactions.

In addition, we will retrieve our key activity records as described in the section above, Data Back-Up and Recovery (Hard Copy and Electronic).

### **Mission Critical Systems**

Our firm's "mission critical systems" are those that ensure prompt and accurate processing of securities transactions, including order taking, entry, execution, comparison, allocation, clearance and settlement of securities transactions, the maintenance of customer accounts, access to customer accounts, and the delivery of funds and securities. These services are provided by our custodians Charles Schwab and Company, and Pershing Advisor Services. All of the aforementioned activities are transacted through their individual websites or via telephone with our service teams located at:

Charles Schwab & Company  
1958 Summit Park Drive  
Orlando, FL 32810  
Telephone: 888-878-8711 Fax: 888-333-8573  
[www.schwabinstitutional.com](http://www.schwabinstitutional.com)

Pershing Advisor Solutions LLC  
One Pershing Plaza, 4<sup>th</sup> Floor  
Jersey City, NJ 07399  
Telephone: (800) 445-4467  
[www.pershing.com](http://www.pershing.com)

We have primary responsibility for establishing and maintaining our business relationships with our customers and have sole responsibility for our mission critical functions of order taking, entry and execution. Our custodians provide, through contract, the execution, comparison, allocation, clearance and settlement of securities transactions, the maintenance of customer accounts, access to customer accounts, and the delivery of funds and securities.

Our custodians' contracts provides that they will maintain a business continuity plan and the capacity to execute that plan. Our custodians represent that they will advise us of any material changes to its plan that might affect our ability to maintain our business and presented us with an executive summary of its plan, which is attached. In the event either of our custodians executes its plan, it represents that it will notify us of such execution and will provide us equal access to services as its other customers. If we reasonably determine that our custodians have not or cannot put their plan in place quickly enough to meet our needs, or is otherwise unable to provide access

to such services, our custodians represent that they will assist us in seeking services from an alternative source.

Our custodians represent that they back up our records at a remote or out of region site. Our custodians represent that they operate a back-up operating facility in a geographically separate area with the capability to conduct the same volume of business as its primary site. Our custodians have also confirmed the effectiveness of their back-up arrangements to recover from a wide scale disruption by testing. They have confirmed that they tests their back-up arrangements annually or as designated by regulatory requirements at all locations.

Recovery-time objectives provide concrete goals to plan for and test against. They are not, however, hard and fast deadlines that must be met in every emergency situation, and various external factors surrounding a disruption, such as time of day, scope of disruption, and status of critical infrastructure—particularly telecommunications—can affect actual recovery times. Recovery refers to the restoration of clearing and settlement activities after a wide-scale disruption; resumption refers to the capacity to accept and process new transactions and payments after a wide-scale disruption. Our custodians have the following SBD recovery time and resumption objectives: recovery time period of minutes in most cases; and resumption time of within one business day.

## **Our Firm's Mission Critical Systems**

### **Order Taking and Requests For Funds or Securities**

Currently, our firm receives orders from customers via telephone or in person. During an SBD, either internal or external, we will continue to take orders through any of these methods that are available and reliable, and in addition, as communications permit, we will inform our customers when communications become available to tell them what alternatives they have to send their orders to us. Customers will be informed of alternatives by e-mail or via our website. If necessary, we will advise our customers to place orders directly with our custodians at (1) Charles Schwab (800) 515-2157. This number is for the Schwab Alliance Team who service accounts directly and will be able to access client accounts for trading, disbursements and other requests, or (2) Pershing Advisor Services 855-233-4089, who can access all client accounts for trading, disbursements and other requests.

### **Order Entry**

Currently, our firm enters orders by recording them on paper and electronically and sending them to our custodian electronically or telephonically. In the event of an internal SBD, we will enter and send records to our custodians by the fastest alternative means available, which include telephone, Schwab's or Pershing's websites or emails. In the event of an external SBD, we will maintain the order in electronic or paper format, and deliver the order to Schwab or Pershing by the fastest means available when they resume operations. In addition, during an internal SBD, we may need to refer our customers to deal directly with Schwab or Pershing for order entry.

## **Mission Critical Systems Provided by Our Custodians**

Our firm relies, by contract, on Charles Schwab and Pershing to provide order comparison, order allocation, and the maintenance of customer accounts, delivery of funds and securities, and access to customer accounts.

## **Alternate Communications Between the Firm and Customers, Employees, and Regulators**

### **Customers**

We now communicate with our customers using the telephone, e-mail, our Web site, fax, U.S. mail, and in person visits at our firm or at the other's location. In the event of an SBD, we will assess which means of communication are still available to us, and use the means closest in speed and form (written or oral) to the means that we have used in the past to communicate with the other party. For example, if we have communicated with a party by e-mail but the Internet is unavailable, we will call them on the telephone and follow up where a record is needed with a paper copy in the U.S. mail.

### **Employees**

We now communicate with our employees using the telephone, e-mail, and in person. In the event of an SBD, we will assess which means of communication are still available to us, and use the means closest in speed and form (written or oral) to the means that we have used in the past to communicate with the other party. We will also employ a call tree so that senior management can reach all employees quickly during an SBD. The call tree includes all staff home and office phone numbers. We have identified persons, noted below, who live near each other and may reach each other in person:

Allan Budelman, Melissa Budelman, Scot Hunter and Denise Karp have the authority to invoke the use of the call tree as stated below.

Allan Budelman will contact: Scot Hunter and Melissa Budelman  
Melissa Budelman will contact Denise Karp and Karla Podalsky  
Denise Karp will contact Kris Lewicki and Troy Sorel  
Karla Podalski will contact Leana Alu and Suzie Dean  
Leana Alu will contact Robert Levin and Millie Castaneda

The contact information for EAA employees is attached to this document. It will be reviewed and amended on an annual basis.

If telephone service is not available, Emerald employees will rally at our office location as soon as logistically possible.

### **Regulators**

We are currently registered with the SEC as a registered investment advisor. We communicate with our regulators via telephone, e-mail, website, fax, U.S. mail, and in person. In the event of an SBD, we will assess which means of communication are still available to us, and use the means



closest in speed and form (written or oral) to the means that we have used in the past to communicate with the other party.

### **Critical Business Constituents, Banks, and other Parties**

#### **Business Constituents**

We have contacted our critical business constituents (businesses with which we have an ongoing commercial relationship in support of our operating activities, such as vendors providing us critical services), and determined the extent to which we can continue our business relationship with them in light of the internal or external SBD. We will quickly establish alternative arrangements if a business constituent can no longer provide the needed goods or services when we need them because of a SBD to them or our firm. The firm maintains a list of vendors under separate attachment.

#### **Regulatory Reporting**

Our firm is subject to regulation by the Securities Exchange Commission. We now file reports with our regulators using paper copies in the U.S. mail, and electronically using fax, e-mail, and the Internet. In the event of an SBD, we will check with the SEC and other regulators to determine which means of filing are still available to us, and use the means closest in speed and form (written or oral) to our previous filing method. In the event that we cannot contact our regulators, we will continue to file required reports using the communication means available to us.

We will notify the Office of Financial Regulation, Bureau of Regulatory Review to report any office closures or relocations by providing the date and time of closing, the address of the affected office, and any relocation addresses at:

E-mail:

Fax: (850) 410-9914

Telephone: (850- 410-9805

Contact information for our regulators follows:

United States Securities and Exchange Commission  
Office of Compliance Inspections and Examinations  
450 Fifth Street NW  
Washington, DC 20549 Telephone: (202) 942-7460

Office of Financial Regulation  
Bureau of Regulatory Review  
200 East Gaines Street  
Tallahassee, FL 32399 Telephone: (850) 410-9805 Fax: (850) 410-9914 email:  
[electronic\\_licensing@fldfs.com](mailto:electronic_licensing@fldfs.com)

IARD System

<http://webcrd.com>

Telephone: (850) 410-9805

**Disclosure of Disaster Recovery Plan**

We post the disclosure statement on our Web site and mail it to customers upon request. Our disclosure statement is attached.

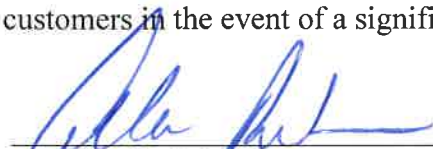
**Updates and Annual Review**

Our firm will update this plan whenever we have a material change to our operations, structure, business or location or to those of our clearing firm. In addition, our firm will review this Disaster Recovery Plan annually during DRP Review on to modify it for any changes in our operations, structure, business, or location or those of our clearing firm.

**Senior Manager Approval**

I have approved this Disaster Recovery Plan as reasonably designed to enable our firm to meet its obligations to customers in the event of a significant business disruption.

Signed:

  
\_\_\_\_\_  
Allan Budelman, Managing Partner

Title:

  
\_\_\_\_\_

Date:

  
\_\_\_\_\_