

**FINANCIAL DESIGNS CORPORATION  
DISASTER RECOVERY/BUSINESS CONTINUITY PLAN**

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**= NOTE =**

**This version is published publicly,  
therefore, all personal information has  
been blocked out for security purposes.**

## INTRODUCTION:

As part of its fiduciary duty to its clients, and as required under the federal Compliance Program Rule, Financial Designs Corporation (hereinafter, “FDC”) has adopted this Disaster Recovery/Business Continuity Plan (hereinafter, the “Plan”) to provide for the firm’s recovery from an emergency or disaster and for the resumption of business operations in as short a period of time as possible. These policies and procedures are, to the extent practicable, designed to address those specific types of disasters that FDC might reasonably face given its business and location.

### I. BACKGROUND:

Since the terrorist activities of 9/11/2001, all advisory firms need to establish written disaster recovery and business continuity plans for the firm’s business. This will allow advisers to meet their responsibilities to clients as a fiduciary in managing client assets, among other things. It also allows a firm to meet its regulatory requirements in the event of any kind of an emergency or disaster, such as a bombing, fire, flood, earthquake, power failure or any other event that may disable the firm or prevent access to our office(s).

### II. DISASTER RECOVERY TEAM:

<b>Name</b>	<b>Title</b>	<b>Home Phone</b>	<b>Mobile</b>
Nino Pavan	President, CFP®	(909) xxx-xxxx	(626) xxx-xxxx
Vaughn Heydel	Vice President, CFP®	(909) xxx-xxxx	(909) xxx-xxxx
Greg Morton	CFO	(626) xxx-xxxx	(626) xxx-xxxx

### III. RESPONSIBILITIES:

Each employee is responsible for understanding his/her role during a disaster. The following individuals have the primary responsibility for implementation and monitoring of the Plan:

- Greg Morton is responsible for documenting computer back-up procedures, i.e., frequency, procedure, person(s) responsible, etc.
- Greg Morton is responsible for designating back-up storage location(s) and persons responsible to maintain back-up data in separate locations.
- Nino Pavan and/or Vaughn Heydel is responsible for identifying and listing key or mission critical people in the event of an emergency or disaster, obtaining their names, addresses, e-mail, fax, cell phone and other information and distributing this information to all personnel.
- Nino Pavan is responsible for designating and arranging for “hot,” “warm,” or home site recovery location(s) for mission critical persons to meet to continue business, and for obtaining or arranging for adequate systems equipment for these locations. Greg Morton will be the backup responsible person if Nino Pavan is unavailable.
- Greg Morton is responsible for establishing back-up telephone/communication system for clients, personnel and others to contact the firm and for the firm to contact clients.

- Nino Pavan and/or Vaughn Heydel is responsible for determining and assessing back-up systems and/or recovery plans for key vendors (see Appendix C) and mission critical service providers.
- Nino Pavan and/or Vaughn Heydel is responsible for conducting periodic and actual testing and training for mission critical personnel.

IV. WHEN AN EMERGENCY/DISRUPTION OCCURS:

1. **Emergency During Office Hours:**

In the event of an emergency during office hours, call 911. The next appropriate course of action will depend on the nature of the emergency. Most types of emergencies will require all employees to quickly evacuate the building, including fire, bomb-threats, etc. If so, gather your belongings, including any medications, if time safely permits and promptly exit the building. Certain emergencies, however, may require that employees remain in-doors, including the release of a hazardous airborne substance in the immediate vicinity of the firm’s principal office. Employees should, at all times, follow the instructions of emergency personnel. If it is necessary to evacuate the building employees should exit one of our four exits. All employees are to meet at the designated area indicated below, if safe to do so, following any evacuation of the principal office.

Designated Meeting Area: Reception Lobby

2. **After-Business Hours Disruption/Discovery and Notification of Employees:**

In the event of a business disruption or disaster occurring after business hours, each employee must be contacted, informed of the nature of the event and given instructions regarding if, when and where to convene. Any employee initially discovering an emergency situation at the principal office must contact Nino Pavan to inform him of the situation. If, for any reason, Nino Pavan cannot be reached, the employee is to contact Greg Morton. Nino Pavan will contact Greg Morton, if possible, and together will determine a course of action. (If, for instance, the disruption involves a power failure they will attempt to contact the utility company to obtain an estimate of when power will be restored to the principal office). Once a plan of action has been decided upon, employees will be called according to the Employee Call Tree. See *Appendix A* for employee contact information.

The person to invoke use of the call tree is Nino Pavan. Below is the call tree:

Caller	Call Recipients
Nino Pavan	Greg & Maria Morton, Vaughn Heydel
Greg & Maria Morton	Brandon Morton
Vaughn Heydel	Gizatta Law, Adam Moody

If an employee cannot reach the next employee named on the call sheet, he/she will attempt to contact the next employee until he/she reaches an employee. When contacted, each employee is to be apprised of the situation and provided with instructions either to meet at the principal office at a later time, to meet at the alternative business location at a specific time or to await further instructions.

**3. Disruption in Services of Critical Third-Party Vendor:**

In the event of a disruption in the services provided by a critical service provider, Nino Pavan or another designated individual will attempt to contact the vendor to determine the nature of the problem and an estimate of the restoration of services. If the vendor cannot be reached and services cannot be restored, Nino Pavan or designated individual will determine an appropriate “work-around” solution. FDC may also consider referencing the vendor’s own recovery plan on file in the Chief Compliance Officer’s office to attempt to determine likely causes of the disruption and the vendor’s own estimate of the restoration of services therefrom. If continued efforts to contact the vendor and/or to restore services are unsuccessful, consider contacting a back-up or replacement vendor.

**V. ALTERNATE SITE FOR BUSINESS OPERATIONS:**

If FDC’s principal office is damaged or otherwise inaccessible, FDC has designated Nino Pavan’s residence as a temporary alternate location from which to restore normal business operations. If the expected duration of the disruption or inaccessibility of FDC’s principal office is longer than a month, Nino Pavan will determine a more permanent alternative location or new principal office. Depending on an employee’s job requirements and the availability of a personal computer and Internet access at home, some employees may be permitted or required to work remotely for a time from his/her residence. Due to FDC’s relatively small size and staff, this determination will be made and communicated to each employee at the appropriate time based on the particular circumstances.

Nino Pavan’s residence is:

Xxxx xxxxxxxx xx, Alta Loma, CA 91701

In the initial stages of a disruption, each employee will be contacted and given instructions. (See Section VIII “COMMUNICATIONS” of this Plan).

**VI. DATA PROTECTION, BACK-UP & RECOVERY:**

**1. Back Up Procedures:**

All data on FDC systems is backed-up by K&R Network Solutions to a remote location on a daily basis. (See “VENDOR CONTACT SHEET” attached hereto as *Appendix C* for contact information). This process is fully automated and is completed via a secure Internet connection. In addition, electronically stored data is backed-up daily to an external hard drive. All paper files maintained at FDC’s principal office are kept in secure, fire-proof filing cabinets.

## 2. **Recovery Procedures:**

If FDC's systems are accessible and otherwise undamaged following an emergency, as may be the case in the event of a power failure, it may be possible to safely retrieve and transport FDC's server and hardware systems, containing all electronically-stored data, to the alternate site for restoration of business operations. In the initial stages of the disruption, Nino Pavan will make the determination regarding the physical and economic possibility and practicality of this course of action or whether a complete back-up to the alternate system is warranted.

In the event on-site systems are destroyed or inaccessible, we would need to restore data from K&R Network Solutions onto a new computer. The restore process would be implemented by K&R Network Solutions remotely to any server available to FDC and would be fully operational within 24 hours. (See "VENDOR CONTACT SHEET" attached hereto as *Appendix C* for contact information.

Hardware requirements would be a computer system, printer, fax machine. Software requirements would be Windows 7, Microsoft Office with Word, Outlook, Excel, and Access, Adobe Reader, PortfolioCenter and Junxure.

## VII. FROM DISASTER TO RECOVERY- A TIMELINE OF TASKS:

As noted above, business disruption can occur from such relatively benign events as a power failure. Following the events of September 11, 2001, however, it is all too clear that very dangerous or malevolent forces can also be the cause of disruptions. As we all know, disasters or traumatic events can be disorienting. Be calm. The timeline provides step-by-step guidelines for FDC's response and recovery from such an event. Of course, an actual emergency may require some deviation from this guide and unique situations may require creative solutions. Throughout any emergency and business disruption, we remind each employee to be mindful of FDC's fiduciary duty to its clients both when evaluating the situation and when determining the appropriate course of action. See "FROM DISASTER TO RECOVER- A TIMELINE OF TASKS" attached hereto as *Appendix B*.

## VIII. COMMUNICATIONS:

### 1. **Telecommunications Disruption:**

In the event that local "land-line" telephone service is disrupted, employees are encouraged to use their personal cellular phones to conduct business until service is restored. FDC has arranged with its local telephone service provider to use a feature called Remote Call Forwarding in the event of a local telecommunications disruption. This feature will forward all in-coming telephone calls made to the principal office to Nino Pavan's, or any other person designated, cellular telephone number. This contingency is for disruptions lasting more than a day because the forwarding system will typically be operational within 24 hours following a disruption.

## **2. Internet & Email Service Disruption:**

In the event that the internet is disrupted, we can operate by phone and fax until it is operating. To access email in the event that the internet is disrupted or the server goes down, mail flow would have to be directed to web mail at the Domain host website. This would allow us to receive and send emails through a web interface from outside of the office. Contact K&R Network Solutions to set up.

## **IX. LOSS OF KEY PERSONNEL:**

Currently Nino Pavan and Vaughn Heydel manage all FDC client investment accounts. Should something happen to Nino Pavan and/or Vaughn Heydel rendering him/them incapable of fulfilling these duties FDC clients could suffer lost investment opportunities, inaccessibility to accounts, etc. In such case another financial advisor will be retained and will pick up the appropriate work duties. Employees are cross trained as much as possible in order that the firm may be able to continue business in the event of a loss of an employee.

## **X. TRAINING, TESTING & REVISION OF PLAN:**

### **1. Distribution of the Plan:**

Each employee will receive two (2) copies of the Plan and will be required to sign an acknowledgement that he/she has read and understands the Plan. One copy of the Plan is to be kept at the employee's workstation. The other copy is to be kept at the employee's home address. **ALL EMPLOYEES ARE REQUIRED TO MAINTAIN A CURRENT COPY OF THIS PLAN AT HIS OR HER HOME ADDRESS.** The acknowledgement is to be provided to Greg Morton in a timely fashion.

### **2. Training:**

The Plan will be reviewed at least annually with all employees at a firm-wide meeting. Minutes of these meetings will be kept and attendance by all employees is mandatory. If an employee has any questions regarding the Plan or his/her role in the event of an emergency, he/she is encouraged to ask Nino Pavan for clarification. It is imperative that all personnel are familiar with the policies and procedures of the Plan and have a thorough understanding of his/her responsibilities in the event of an emergency.

### **3. Testing, Plan Revision & Recordkeeping:**

Nino Pavan periodically, and on at least an annual basis, will test the Plan. Such tests may be as complex as running a simulation of an actual disaster, including the restoration of data to alternate systems, or as basic as testing the employee call tree. Typically, but not always, testing will be conducted after hours to minimize disruption of normal business operations. In order to gain realistic results that may be used to revise and optimize the effectiveness of the Plan in the event of a real emergency, not all tests will be announced ahead of time to all employees.

Test results will be evaluated and documented by Greg Morton and a determination of any weaknesses exposed by the test will be made at that time. The Plan will be revised accordingly to fill gaps discovered during testing. The Plan may also be revised pursuant to reviews and the issuance of regulatory guidance.

Changes in business operations, contracts and contacts, including new employees, new vendors or new addresses for existing employees or vendors, etc. must be reflected in the Plan. Most importantly, current client contact information must be maintained as part of the Plan. Greg Morton will be responsible for ensuring that the Plan is updated periodically and as required by the frequency of such changes. Changing the date in the lower left-hand corner of the Plan will indicate any such revision. Any revision to the Plan will be distributed to all employees and each employee will be required to provide a new, signed acknowledgement form of receipt to Greg Morton. Old copies of the Plan will be exchanged for the new copies to assure that no employee holds an out-dated copy or confuses an out-dated copy for a current copy during an emergency. All prior versions of the Plan will be destroyed except for one copy maintained in FDC's files as required by applicable regulations.

**APPENDIX A**  
**EMPLOYEE CONTACT SHEET**

= Blocked For Security Purposes =

## APPENDIX B

### FROM DISASTER TO RECOVERY A Timeline of Tasks

#### **0 – 2 hours:**

##### Discovery and assessment:

- Does disaster occur during business hours?
  - If yes, CALL 911
    - Is evacuation necessary? Does remaining in the bldg pose a threat to the safety of employees?
      - If, yes, evacuate bldg and meet at safe, designated location outside bldg (**CAVEAT: ALWAYS FOLLOW INSTRUCTIONS OF EMERGENCY PERSONNEL**)
        - If safety permits, secure all confidential client information prior to evacuation.
        - Conduct a roll call at designated location to ensure the health and safety of all employees.
        - Attempt to assess estimated amount of time before possible resumption on-site. If more than a day, determine whether or not to initiate a set-up of alternate site.
      - If safety does not demand evacuation of bldg, can normal operations resume (i.e., is there a power outage or other resulting disruption that does not permit resumption of business?)?
        - If the disruption does not permit the resumption of normal business activities, attempt to assess estimated amount of time before possible resumption on-site.
          - If less than a day, determine whether or not to dismiss employees for a number of hours.
          - If more than a day, determine whether or not to initiate a set-up of the firm's alternate location.
          - If disruption results from an emergency at a key third-party vendor, assess amount of time until restoration by vendor, formulate a work around or determine whether an alternative vendor may fill the gap.
    - If no, anyone initially discovering situation must notify Nino Pavan immediately. Does situation preclude safe, normal business operations? (Nino Pavan will make this determination).
    - If yes, execute call tree. Inform employees of situation, direct them to avoid principal office and to await further instruction.
    - If no, attempt to quickly assess estimated amount of time before possible resumption on-site and execute call tree to inform employees of situation and where and when to reconvene.

#### **2 – 6 hours:**

##### Initiate Emergency Recovery/Contact Critical Vendors:

- Assess which staff will meet at alternative location and which will work from home. Set a time the following day for a conference call, if possible, or otherwise require each staff member to call in a set time. Notify staff accordingly.
- Begin to compile list of data lost or otherwise inaccessible.
- If possible, begin to salvage data and files from principal office or make plans for such salvage as soon as safety and the authorities permit.
- If necessary, initiate recovery of backed-up data to alternate systems.
- Begin to capture expenses associated with disruption.
- If necessary, notify insurance carriers of situation.
- Arrange with authorities and/or landlord to participate in salvage operations and secure confidential information ASAP.
- Notify and brief key vendors on situation, including broker-dealers.

- Request broker dealers send (fax email or other remaining means) information regarding client holdings and trade blotters.
- Contact Telephone Company to redirect all calls made to firm's main number to Nino Pavan's cell phone number.
- Determine if and what client communication is necessary.
- If possible and if estimated time of disruption calls for it, consider recording emergency voicemail to provide basic information regarding situation to clients and vendors calling in.
- If possible and if estimated time of disruption calls for it, contact web-host to post a notice to clients on the firm's home page informing them of the situation, how to contact FDC and any other prudent information.
- If possible and if estimated time of disruption calls for it, consider sending an email to all clients informing them of situation and other important information. If disruption includes a failure of website and email systems, use firm's back-up national email system (yahoo) and send an email to all clients informing them of situation and other important information.
- Verify that restoration of back-up data was successful and systems are fully operational. If necessary, contact IT vendors for priority assistance. (If disruption is not localized, priority assistance may not be feasible, thus, testing systems before an emergency occurs is critical).

### **6 – 8 hours:**

#### Restoration of Normal Business Operations.

- Conduct a reconciliation of accounts to verify that holdings match broker-dealer information.
- Resume normal operations.
- Assess damage and estimated time until principal office will be accessible and operational. If estimate is more than a month, begin to formulate plan for new principal office or a more-permanent alternate location.
- Review compliance checklist to determine whether any critical filings are required in the near future.
- Notify regulators to inform them of situation and new operating location, if necessary.

## APPENDIX C

### CRITICAL VENDOR CONTACT SHEET

ADP	(888)757-6646		Payroll Services
Advisors Excel	(866) 363-9595		Broker/Administrator for annuities (American Equity, Nationwide, Genworth, Athene)
Bank of the West	(626) 445-3800		Corporate Accounts
Baseline Professional Building	(909) 451-1277		Property Manager
Charles Schwab	(877) 340-1715		Financial Custodian
FINRA	(240) 386-5161		
Global Relay	(866) 484-6630		Email archives and backup
ISN Global Networks	(909) 670-0601		Phone system/Internet
Jackson National	(800) 873-5654		Annuity Underwriter
K&R Network Solutions	(858) 292-5766		IT Provider (server backup, emails, networking)
Make It A Great Day	(360) 335-3393		Website Host
RIA Compliance	(772) 324-8922		Compliance Consultant
SEC	(323) 965-3998		
Voya (previously ING)	(800) 555-1858		Annuity Underwriter