



**CROWN  
CAPITAL**  
SECURITIES, L.P.

Updated 5/23/2006

## **Crown Capital Securities, L.P. Business Continuity Plan (BCP)**

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### **I. Emergency Contact Persons**

Crown Capital Securities, L.P.'s two emergency contact persons are:

Darol K. Paulsen, (714) 547-9481 *office*, (714) 747-4391 *alternate*,  
dpaulsen@crowncapitalsecurities.com. Mr. Paulsen is the primary emergency contact as  
well as the President and Chief Executive Officer of Crown Capital Securities, L.P.

Henrik Sundstedt, (714) 547-9481 *office*, (760) 954-0372, *alternate*,  
hsundstedt@crowncapitalsecurities.com. Mr. Sundstedt is the secondary emergency  
contact as well as the Senior Vice President and Chief Compliance Officer of Crown  
Capital Securities, L.P.

These names will be updated in the event of a material change, and our Executive  
Representative (Henrik Sundstedt) will review them within 17 business days of the end of  
each quarter.

### **II. Firm Policy**

Crown'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.

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

Crown's 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 city flood, 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 clearing firm.

### B. Approval and Execution Authority

Darol Paulsen, Crown's President and Chief executive Officer, is responsible for approving the plan and for conducting the required annual review. Mr. Paulsen has the authority to execute this BCP.

### C. Plan Location and Access

Crown will maintain copies of its BCP plan and the annual reviews, and the changes that have been made to it for inspection.

Copies of the BCP shall be kept in the Crown Home Office and at the residence of Darol Paulsen, President and CEO. The addresses are as follows:

Crown Capital Securities, L.P.  
725 Town & Country Road, Suite 530  
Orange, CA 92868

Darol Paulsen  
6962 E. Magdalena Drive  
Orange, CA 92867

## **III. Business Description**

Crown Capital Securities, L.P. is a full service independent broker dealer conducting business in stocks and bonds, mutual funds, fixed and variable annuities, life insurance products, REIT's and limited partnerships, asset management services. Crown is an introducing firm and does not perform any type of clearing function for itself or others. Furthermore, we do not hold customer funds or securities. We accept and enter orders. All transactions are sent to our clearing firm, Pershing, LLC., which executes orders on our behalf, compares them, allocates them, clears and settles them. Pershing, LLC firm also maintains our customers' accounts, can grant customers access to them, and delivers funds and securities. Crown services only retail customers and we do not engage in any private placements.

Crown's clearing firm is:

Pershing, LLC  
One Pershing Plaza  
Jersey City, NJ 07399  
(800) 443-4342  
[www.pershing.com](http://www.pershing.com)

Pershing, LLC has also given us the following alternative contact in the event it cannot be reached at its New Jersey location:

Pershing, LLC  
505 Sansome Street, Suite 1020  
San Francisco, CA 94111  
(800) 729-6355

#### **IV. Office Locations**

Crown Capital Securities, L.P.'s Home Office is listed below as Location #1. In case of an emergency at the Home Office, Crown's employees shall gather at Location #2 temporarily until either the Home Office can be restored or a new suitable office is established.

##### **A. Office Location #1**

725 Town & Country Road, Suite 530  
Orange, CA 92868  
(714) 547-9481

All mission critical functions for Crown take place in this location. Our employees reside anywhere from 1-75 miles from this office and typically travel to the office by car or train. Crown engages in order taking and entry at this location.

##### **B. Office Location #2**

6962 E. Magdalena Drive  
Orange, CA 92867

This location is approximately 8 miles from the Home Office and is strictly a backup location. Any operations that take place there are strictly for convenience only. Our employees may travel to that office by means of car or bus. Should this location be pressed into service due to an emergency at the home Office, all mission critical operations will take place there until the Home Office is restored or a new suitable location is established.

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

In the event of an emergency, in which neither of the locations listed above are operational, we will enlist the services of one or more of our 98 branch offices located throughout the country to continue operations until a Home Office can be reopened.

Crown's available staff will be moved to the office location from which we will continue business.

The following is a current list of branch office locations:

Branch Street Address	Branch City	State	Zip
5018 CRESTVIEW PLACE	ALTA LOMA	CA	91701
3418-F OLSEN BLVD.	AMARILLO	TX	79109
3634 W. LIBERTY	ANN ARBOR	MI	48103
15653 HIGHVIEW CIRCLE	APPLE VALLEY	MN	55124
422 GRAND AVENUE	ARROYO GRANDE	CA	93420
14 S. PACK SQUARE, SUITE 403	ASHEVILLE	NC	28801
3402 GLENRIDGE-STRATFORD	ATLANTA	GA	30342
1827 POWERS FERRY RD,BLDG 18,#200	ATLANTA	GA	30339
P. O. BOX 880	BELLE CHASSE	LA	70037
P.O. BOX 1588	BELLINGHAM	WA	98227
3100 LORNA ROAD, SUITE 201	BIRMINGHAM	AL	35216
3500 AMERICAN BLVD., WEST, # 675	BLOOMINGTON	MN	55431
106 PINEVIEW LANE	BOULDER	CO	80302
9408 BROOKVIEW DRIVE	BRENTWOOD	TN	37027
3500 W. OLIVE AVENUE, SUITE 300	BURBANK	CA	91505
28914 W. KAREN CT	CASTAIC	CA	91384
14755 N. OUTER FORTY DRIVE, SUITE 204	CHESTERFIELD	MO	63017
7800 COOPER ROAD, SUITE L1	CINCINNATI	OH	45242
8220 NORTH CREEK DRIVE, SUITE # 150	CINCINNATI	OH	45236
15590 S. CUERNO VERDE VIEW	COLORADO SPRINGS	CO	80926
8829 RIVER HOLLOW DRIVE	CORDOVA	TN	38016
9696 SKILLMAN STREET, SUITE 380	DALLAS	TX	75243
33591 DANA VISTA DRIVE, UNIT B	DANA POINT	CA	92629
36 MILL PLAIN ROAD, SUITE 311	DANBURY	CT	06811
2055 S. ONEIDA # 350 D	DENVER	CO	80224
16255 VENTURA BLVD., SUITE 320	ENCINO	CA	91436
410 CRANBERRY STREET, SUITE 340	ERIE	PA	16507
14 NYE ROAD	FALMOUTH	MA	02540
2534 S. UNIVERSITY DRIVE, SUITE 5	FARGO	ND	58103
200 S. 333RD, SUITE 100	FEDERAL WAY	WA	98003
9550 WARNER AVENUE, SUITE 209	FOUNTAIN VALLEY	CA	92708
18030 BROOKHURST STREET, # 593	FOUNTAIN VALLEY	CA	92708
118 S. POPLAR	GREENVILLE	MS	38701
2934 OAHU AVENUE	HONOLULU	HI	96822
9230 KERRWOOD	HOUSTON	TX	77080
505 N. SAM HOUSTON PKWY E., SUITE 425	HOUSTON	TX	77060

2081 BUSINESS CENTER DRIVE, SUITE 140	IRVINE	CA	92612
18008 SKYPARK CIRCLE, SUITE 250	IRVINE	CA	92614
805 FRONTAGE ROAD, SUITE 200A	KENAI	AK	99611
8927 W. TUCANNON AVE., STE 108	KENNEWICK	WA	99336
201 N. EDISON, STE # 232	KENNEWICK	WA	99336
7171 ALVARADO ROAD, SUITE 100-A	LA MESA	CA	91941
25172 CAMINO DEL MAR, UNIT E	LAGUNA NIGUEL	CA	92677
22682 SOUTH CANADA COURT	LAKE FOREST	CA	92630
5800 SW MEADOWS ROAD, SUITE 240	LAKE OSWEGO	OR	97035
4248 SW GALEWOOD STREET, STE. 16	LAKE OSWEGO	OR	97035
9004 WHITMAN AVENUE S.W.	LAKESWOOD	WA	98499
1210 WWEST AVENUE J, SUITE #300	LANCASTER	CA	93539
2688 SO. RAINBOW BLVD., SUITE B	LAS VEGAS	NV	89146
3201 PIONEERS BLVD., SUITE 208	LINCOLN	NE	68502
37799 PROFESSIONAL CENTER DR., #108	LIVONIA	MI	48154
1323 14TH AVENUE	LONGVIEW	WA	98632
111 NORTH JUNE STREET	LOS ANGELES	CA	90004
54970 ROMEO PLANK ROAD	MACOMB TOWNSHIP	MI	48042
7200 HEMLOCK LANE, # LL3	MAPLE GROVE	MN	55369
PO BOX 4645	MISSION VIEJO	CA	92690
1301 16TH AVENUE SOUTH	NASHVILLE	TN	37212
416 BROAD STREET	NEVADA CITY	CA	95959
901 DOVE STREET, # 200	NEWPORT BEACH	CA	92660
4063 BIRCH STREET, SUITE 210	NEWPORT BEACH	CA	92660
1301 DOVE STREET, SUITE 1050	NEWPORT BEACH	CA	92660
2021 WHITNEY AVENUE	NORTH HAVEN	CT	06473
18200 LABRADOR STREET	NORTHRIDGE	CA	91325
43390 W. TEN MILE ROAD	NOVI	MI	48375
625 THE CITY DRIVE, SUITE 460	ORANGE	CA	92868
725 TOWN AND COUNTRY ROAD, # 530	ORANGE	CA	92868
728 W. SANDRA TERRACE	PHOENIX	AZ	85023
1500 N. OAK ROAD	PLYMOUTH	IN	46563
9904 SE 92ND AVENUE	PORTLAND	OR	97266
3530 SW CORBETT AVENUE	PORTLAND	OR	97239
8383 NE SANDY BLVD., SUITE # 420	PORTLAND	OR	97220
1020 SW TAYLOR ST., # 770C	PORTLAND	OR	97205
2512 HIKING TRAIL	RALEIGH	NC	27615
49 SIERRA MADRE	RANCHO MIRAGE	CA	92270
222 E. OLIVE AVE., SUITE # 6	REDLANDS	CA	92373
3006 ALLEGRO PARK LANE SW # 3	ROCHESTER	MN	55902
1068 TOURMALINE STREET	SAN DIEGO	CA	92109

9747 BUSINESS PARK AVE., # 221	SAN DIEGO	CA	92131
2727 CAMINO DEL RIO S. # 150	SAN DIEGO	CA	92108
6771 PARK RIDGE BLVD.	SAN DIEGO	CA	92120
20371 IRVINE AVENUE, SUITE 100	SANTA ANA	CA	92707
10350 HERITAGE PARK DR., # 203	SANTA FE SPRINGS	CA	90670
9841 E. BELL ROAD, SUITE 140	SCOTTSDALE	AZ	85260
8765 E. BELL ROAD, SUITE 207	SCOTTSDALE	AZ	85260
999 3RD AVENUE, SUITE 3800	SEATTLE	WA	98104
10634 19TH STREET	SEATTLE	WA	98168
P.O. BOX 940	SOUTHERN PINES	NC	28388
104 S. FREYA, SUITE 218	SPOKANE	WA	99202
12851 WEST BELL ROAD, SUITE 13	SURPRISE	AZ	85374
150 WHITE PLAINS ROAD, # 205	TARRYTOWN	NY	10591
46050 CLUBHOUSE DRIVE	TEMECULA	CA	92592
19401 S. VERMONT AVENUE, K-100	TORRANCE	CA	90502
3858 CARSON STREET, SUITE 203	TORRANCE	CA	90503
4280 NO. CAMPBELL AVENUE, # 216	TUCSON	AZ	85718
9175 S. YALE AVENUE, SUITE 100	TULSA	OK	74137
1070 SILVER FOX CIRCLE	VERDI	NV	89439
14075 HESPERIA ROAD, SUITE 202	VICTORVILLE	CA	92392
4271 N.W. HIDDEN LAKE LOOP	WALDPORT	OR	97394

*Rule: NASD Rule 3510(c)(6).*

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

Crown Capital Securities, L.P. does not maintain custody of customers' funds or securities, which are maintained at our clearing firm, Pershing, LLC, or investment company in which the customer is invested directly, such as a mutual fund or variable annuity. In the event of an internal or external SBD, customers still contact their representatives to place orders, our registered persons will take customer orders or instructions and contact our clearing firm on their behalf, and if our Web access is available, our firm will post on our Web site that customers may access their funds and securities by contacting the firm through which their funds are invested directly. The firm will make this information available to customers through its disclosure policy.

*Rules: NASD Rule 3510(a); Securities Exchange Act Rule 15c3-1; 15 U.S.C. 78eee (2003).*

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

Crown Capital Securities maintains its primary hard copy books and records and its electronic records at Crown Capital Securities, L.P. 725 Town & Country Road, Suite 530, Orange, CA 92868. Henrik Sundstedt, Senior Vice President (714) 547-9481, is responsible for the maintenance of these books and records. Our firm maintains the following document types and forms that are not transmitted to Pershing:

- Customer New Account Forms
- Order Forms
- Copies of applications for direct business not involving the Pershing

Crown Capital Securities maintains the documents listed above in both hard copy and electronic formats. The electronic copies are created by Accelerated Imaging, Inc. of Lake Forest, CA. Accelerated Imaging will take Crown's copies of these forms, convert them to electronic format, burn them to optical storage and upload the documents to a Crown Capital Securities server in our office. Accelerated imaging maintains the optical storage as backup for us at their location. Accelerated Imaging is at the following location:

- Accelerated Imaging, Inc.
- 103 North Pointe Drive
- Lake Forest, CA 92630
- (949) 472-2777

Crown Capital Securities also maintains its back-up hard copy books and records at branch offices listed in Section V. These records are paper copies and the branch manager of the location is responsible for the maintenance of these back-up books and records. The documents are processed at the branch location and are promptly forwarded to the Crown Home Office in Orange, CA

Crown Capital Securities backs up its electronic records daily to a DLT tape back up system. Crown uses 5 tapes and rotates them daily to maintain redundant copies. A sixth tape is made periodically and maintained at 6962 Magdalena Dr., Orange, CA 92867.

In the event of an internal or external SBD that causes the loss of our paper records, we will physically recover them from our back-up site. 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 our back-up site, or, if our primary site is inoperable, continue operations from our back-up site or an alternate location.

*Rule: NASD Rule 3510(c)(1).*

## **VIII. Financial and Operational Assessments**

### **A. 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, critical counter-parties, and regulators. Although the effects of an SBD will determine the means of alternative communication, the communications options we will employ will include Crown's website and back up phone systems including cell phones owned by the staff. In addition, we will retrieve our key activity records as described in the section above, Data Back-Up and Recovery (Hard Copy and Electronic).

Rules: NASD Rules 3510(c)(3) & (f)(2).

## B. Financial and Credit Risk

In the event of an SBD, we will determine the value and liquidity of our investments and other assets to evaluate our ability to continue to fund our operations and remain in capital compliance. We will contact our clearing firm, critical banks, and investors to apprise them of our financial status. If we determine that we may be unable to meet our obligations to those counter-parties or otherwise continue to fund our operations, we will request additional financing from our bank or other credit sources to fulfill our obligations to our customers and clients. If we cannot remedy a capital deficiency, we will file appropriate notices with our regulators and immediately take appropriate steps.

Rules: NASD Rules 3510(c)(3), (c)(8) & (f)(2).

## IX. Mission Critical Systems

Crown Capital Securities' "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. More specifically, these systems include: Pershing's NetXPro.

We have primary responsibility for establishing and maintaining our business relationships with our customers. Pershing provides, 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.

Pershing's contract provides that they will maintain a business continuity plan and the capacity to execute that plan. Pershing represents that it will advise us of any material changes to its plan that might affect our ability to maintain our business. In the event Pershing firm executes its plan, it represents that it will notify us of such execution and provide us equal access to services as its other customers. If we reasonably determine that Pershing has not or cannot put its plan in place quickly enough to meet our needs, or

is otherwise unable to provide access to such services, Pershing represents that it will assist us in seeking services from an alternative source.

Pershing represents that it backs up our records at a remote site. Pershing represents that it operates a back-up operating facility in a geographically separate area with the capability to conduct the same volume of business as its primary site. Pershing has also confirmed the effectiveness of its back-up arrangements to recover from a wide scale disruption by testing

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. Pershing has the following SBD recovery time and resumption objectives: recovery time period of and resumption time of the same business day.

## A. Our Firm's Mission Critical Systems

### **1. Order Taking**

Currently, our firm receives orders from customers via telephone, NetXPro or in person visits by the customer. 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 upon contacting their representative. If necessary, we will advise our customers to place orders directly with Pershing or the investment company that holds their funds.

### **2. Order Entry**

Currently, our firm enters orders by recording them on paper and electronically and sending them to Pershing electronically or telephonically.

In the event of an internal SBD, we will enter and send records to Pershing by the fastest alternative means available. In the event of an external SBD, we will maintain the order in electronic or paper format, and deliver the order to Pershing by the fastest means available when it resumes operations. In addition, during an internal SBD, we may need to refer our customers to deal directly with Pershing for order entry.

## B. Mission Critical Systems Provided by Our Clearing Firm, Pershing, LLC

Crown Capital Securities relies, by contract, on Pershing to provide order execution, order comparison, order allocation, and the maintenance of customer accounts, delivery of funds and securities, and access to customer accounts.

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

### **A. Customers**

We now communicate with our customers through our registered representatives. 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 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 paper copy in the U.S. mail.

*Rule: NASD Rule 3510(c)(4).*

### **B. 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:

The person to invoke use of the call tree is: Darol Paulsen, President and CEO.

### **C. Regulators**

We are currently members of the NASD. We communicate with our regulators using the telephone, e-mail, 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.

*Rule: NASD Rule 3510(c)(9).*

## **XI. Critical Business Constituents, Banks, and Counter-Parties**

### **A. 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

*Rules: NASD Rule 3510(c)(7).*

## **B. Banks**

We have contacted our banks and lenders to determine if they can continue to provide the financing that we will need in light of the internal or external SBD. The bank maintaining our operating account is: Union Bank Orange County Airport Branch, 2001 Michaelson Drive, Irvine, Ca 92612.

*Rules: NASD Rule 3510(c)(7).*

## **XII. Regulatory Reporting**

Our firm is subject to regulation by the NASD, SEC and individual states. We now file reports with our regulators using paper copies in the U.S. mail, and electronically using the Internet. In the event of an SBD, we will check with the SEC, NASD, 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.

*Rule: NASD Rule 3510(c)(8).*

## **XIII. Disclosure of Business Continuity Plan**

We disclose in writing a summary of our BCP to customers on our website. We also mail it to customers upon request. Our summary addresses the possibility of a future SBD and how we plan to respond to events of varying scope. In addressing the events of varying scope, our summary (1) provides specific scenarios of varying severity (e.g., a firm-only business disruption, a disruption to a single building, a disruption to a business district, a city-wide business disruption, and a regional disruption); (2) states whether we plan to continue business during that scenario and, if so, our planned recovery time; and (3) provides general information on our intended response. Our summary discloses the existence of back-up facilities and arrangements.

*Rule: NASD Rule 3510(e).*

**XIV. 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, Pershing, LLC. In addition, our firm will review this BCP annually, to modify it for any changes in our operations, structure, business, or location or those of our clearing firm.

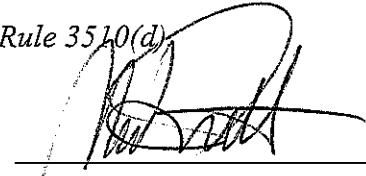
*Rule: NASD Rule 3510(b).*

**XV. Senior Manager Approval**

I have approved this Business Continuity Plan as reasonably designed to enable our firm to meet its obligations to customers in the event of an SBD.

*Rule: NASD Rule 3510(d)*

Signed:

  
\_\_\_\_\_

Title:

Senior Vice President

Date:

May 23, 2006