

# **Business Continuity Plan**

## **For**

### **Stonefield Investment Advisory, Inc.**

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

Stonefield Investment Advisory, Inc.'s two emergency contact persons are: **Jon R. Werner**, ph. 319 270 3462, email [jwerner@stonefield.us](mailto:jwerner@stonefield.us) and **Stephen R. Mickelson**, ph. 319 981 0692, email [smickelson@stonefield.us](mailto:smickelson@stonefield.us) - Mr. Mickelson is the Firm's CEO. These names will be updated in the event of a material change, and our Executive Representative will review them within 17 business days of the end of each quarter.

#### **II. 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.

##### **A. 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 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**

Jon R. Werner, President, a registered principal, is responsible for approving the plan and for conducting the required annual review. Stephen R. Mickelson, CEO, has the authority to execute this BCP.

##### **C. Plan Location and Access**

Our Firm will maintain copies of its BCP 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 Redtail Technology Imaging, the file repository with our Broker/Dealer, Cetera Advisors LLC.

#### **III. Business Description**

Our Firm conducts business in equity, fixed income, and other securities. Our Firm 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 firms, which executes our orders, compares them, allocates them, clears and settles them. Our clearing firms also maintain our customers' accounts, can grant customers access to them, and delivers funds and securities. Our Firm services retail and institutional customers.

##### **Our clearing firms are:**

**TD Ameritrade**, 4075 Sorrento Valley Blvd. Suite A, San Diego, CA 92121, ph. 800 613 2401 x2 x15, email [midwest@tdameritrade.com](mailto:midwest@tdameritrade.com), website [www.advisorclient.com](http://www.advisorclient.com) and our contact person at that clearing firm is Brian Dudley, ph. 402 970 7179, e-mail [brian.dudley@tdameritrade.com](mailto:brian.dudley@tdameritrade.com).

**Pershing**, 4600 South Syracuse Street, Suite 600, Denver, CO 80237-2769, ph. 800 929 3485, email, website [www.pershing.com](http://www.pershing.com).

# **Business Continuity Plan**

## **For**

### **Stonefield Investment Advisory, Inc.**

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

A. **Office Location #1:** Our Location #1 Office is located at 425 Second Street SE Suite 1200, Cedar Rapids, IA 52401. Its main telephone number is 319 377 7811. Our employees may travel to that office by means of foot, car, bus, bicycle or boat. We engage in order taking and entry at this location.

B. **Office Location #2:** Our Location #2 Office is located at 1800 3<sup>rd</sup> Avenue, Suite 411, Rock Island, IL 61201. Its main telephone number is 309 743 1150. Our employees may travel to that office by means of foot, car, bus, or bicycle. We engage in order taking and entry at this location.

C. **Office Location #3:** Our Location #3 Office is located at 9648 Dunning Circle, Highlands Ranch, CO 80126. Its main telephone number is 720 272 9715. Our employees may travel to that office by means of foot, car, bus, or bicycle. We engage in order taking and entry at this location.

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

In the event of an SBD, we will move our staff from affected offices to the closest of our unaffected office locations. If none of our other office locations is available to receive those staff, we will move them to 2552 Country Club Parkway, Cedar Rapids, IA 52403. Its main telephone number is 319 377 7811.

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

Our Firm does not maintain custody of customers' funds or securities, which are maintained at our clearing firms, TD Ameritrade and Pershing. In the event of an internal or external SBD, if telephone service is available, 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 website that customers may access their funds and securities by contacting any one of our employees or advisors by calling 319 377 7811 or by using our website at [www.stonefieldinvestments.com](http://www.stonefieldinvestments.com). The Firm will make this information available to customers through its disclosure policy.

If SIPC determines that we are unable to meet our obligations to our customers or if our liabilities exceed our assets in violation of Securities Exchange Act Rule 15c3-1, SIPC may seek to appoint a trustee to disburse our assets to customers. We will assist SIPC and the trustee by providing our books and records identifying customer accounts subject to SIPC regulation.

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

Our Firm maintains its primary hard copy books and records at 425 Second Street SE Suite 1200, Cedar Rapids, IA 52401 and its primary electronic copy books and records on Redtail Technology Imaging. Jon R. Werner, President, ph. 319 270 3462, is 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: Any and all forms are stored on the Redtail Technology Imaging which is an online system.

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.

# **Business Continuity Plan**

## **For**

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#### **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 counterparties, and regulators. Although the effects of an SBD will determine the means of alternative communication, the communications options we will employ will include our website - [www.stonefieldinvestments.com](http://www.stonefieldinvestments.com) , telephone voice mail by using 319 377 7811, or secure e-mail by typing [jwerner@stonefield.us](mailto:jwerner@stonefield.us), [smickelson@stonefield.us](mailto:smickelson@stonefield.us), or any other Stonefield advisor's first initial, then last name @stonefield.us. In addition, we will retrieve our key activity records as described in the section above, Data Back-Up and Recovery (Hard Copy and Electronic).

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 firms, 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, including using relationships with local banks and making arrangements with said banks.

#### **IX. 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.

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 [and] entry [and execution]. Our clearing firms 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 clearing firm's contracts provide that our clearing firms will maintain business continuity plans and the capacity to execute those plans. Our clearing firms 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 one of our clearing firms 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 one of our clearing firms 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, our clearing firm represents that it will assist us in seeking services from an alternative source.

Our clearing firms represent that it backs up our records at a remote, out of region site. Our clearing firms represent 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. Our clearing firms have 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

# **Business Continuity Plan**

## **For**

### **Stonefield Investment Advisory, Inc.**

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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.

#### A. Our Firm's Mission Critical Systems

1. **Order Taking:** Currently, our Firm receives orders from customers via telephone, email, or face to face interviews with 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 a Stonefield representative or voicemail. If necessary, we will advise our customers to place orders directly with our clearing firm at TD Ameritrade or Pershing.
2. **Order Entry:** Currently, our Firm enters orders by recording them electronically and sending them to one of our clearing firms electronically. In the event of an internal SBD, we will enter and send records to our clearing firms by the fastest alternative means available, which include electronically or by phone. In the event of an external SBD, we will maintain the order in electronic or paper format, and deliver the order to the clearing firm 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 our clearing firms for order entry.
3. **Order Execution:** We currently execute orders by utilizing said clearing firm's websites. In the event of an internal SBD, we would continue to use said clearing firm's websites from our off-site office location. In the event of an external SBD, again, we would continue to use said clearing firm's websites from our off-site office location.
4. **Other Services Currently Provided to Customers:** In addition to those services listed above in this section, we also offer financial planning services. In the event of an internal SBD, we would continue to offer these services by using web-based software programs from our off-site location. In the event of an external SBD, we would, again, continue to offer these services by using web-based software programs from our off-site location.

#### B. Mission Critical Systems Provided by Our Clearing Firms

Our Firm relies, by contract, on our clearing firms 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 using the telephone, e-mail, our website, 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 paper copy in the U.S. mail.

# **Business Continuity Plan**

## **For**

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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 Jon R. Werner.

<b>Caller</b>	<b>Call Recipients</b>
<i>Jon Werner</i>	<i>Steve Mickelson, Scott Bridgford</i>
<i>Steve Mickelson</i>	<i>Brian Murphy, Patrick Mickelson</i>

C. Regulators: We are currently members of the following SROs: FINRA. 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.

#### **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. Our major suppliers are: Not Applicable.

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 Hills Bank and Trust Company. The bank maintaining our line of credit is Banker's Trust Company. If our banks and other lenders are unable to provide the financing, we will seek alternative financing immediately from Farmer's State Bank.

C. Counter-Parties: We have no other critical counter-parties, such as other broker-dealers or institutional customers, to determine if we will be able to carry out our transactions with them in light of the internal or external SBD.

#### **XII. Regulatory Reporting**

Our Firm is subject to regulation by FINRA. 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 FINRA, 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.

**Business Continuity Plan**  
**For**  
**Stonefield Investment Advisory, Inc.**

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**XIII. Disclosure of Business Continuity Plan**

We provide in writing a BCP disclosure statement to customers at account opening. We also post the disclosure statement on our Website and mail it to customers upon request. Our disclosure statement is attached.

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.

In the event of an SBD, we will move our staff from affected offices to the closest of our unaffected office locations. If none of our other office locations is available to receive those staff, we will move them to a secure and predetermined site. Its main telephone number is 319 377 7811. Back up telephone numbers include 319 270 3462 and 319 981 0692. Our website is [www.stonefieldinvestments.com](http://www.stonefieldinvestments.com) and our **Clearing Firms** are **TD Ameritrade**, 4075 Sorrento Valley Blvd. Suite A, San Diego, CA 92121, ph. 800 613 2401 x2 x15, email [midwest@tdameritrade.com](mailto:midwest@tdameritrade.com) , website [www.advisorclient.com](http://www.advisorclient.com) and our contact person at that clearing firm is Brian Dudley, ph. 402 970 7179, e-mail [brian.dudley@tdameritrade.com](mailto:brian.dudley@tdameritrade.com). **Pershing**, 4600 South Syracuse Street, Suite 600, Denver, CO 80237-2769, ph. 800 929 3485, website [www.pershing.com](http://www.pershing.com).. Relocating and setting up the Firm for day to day business operations will take no more than 24 hours.

**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. In addition, our Firm will review this BCP annually, in the month of December, to modify it for any changes in our operations, structure, business, or location or those of our clearing firm.

**XV. Senior Manager Approval**

I have approved this Business Continuity Plan as reasonably designed to enable Stonefield Investment Advisory, Inc. to meet its obligations to customers in the event of an SBD - Significant Business Disruption.

Signed: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_