

Summary of David Lerner Associates, Inc. Business Continuity Plan

January 26, 2010

I. Firm Policy

David Lerner Associates, Inc.'s (DLA) firm 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 one of our buildings, server failure, telecommunications failure, etc. External SBDs prevent the operation of the securities markets or a number of firms, such as a terrorist attack, a flood, an earthquake, a hurricane, or other disaster, including pandemic, which effects a large region and potentially multiple DLA branches. Our response to an external SBD relies more heavily on other organizations and systems, especially on the capabilities of our transaction processing service bureau.

II. Alternative Physical Location(s) of Employees

In the event of either an internal or external SBD, DLA has designed the following measures:

Where a branch office other than DLA's Syosset, NY office is affected, designated personnel from the affected office(s) will be required to report to the White Plains Branch location, if unaffected. Facilities at the White Plains location are designed to provide the resources necessary to continue activities such as client meetings and order taking and entry. If the White Plains Branch is also affected, designated personnel from the affected office(s) will be required to report to the Syosset, NY Branch.

If the Syosset, NY location is affected, while no other branch office is affected, designated back office operations personnel will be relocated to the White Plains Branch, where there are resources dedicated to assuring continued operations. The White Plains office also has the ability to support Information Technology recovery and connectivity to mission critical vendors.

In the event that both the Syosset and White Plains Branches are affected, DLA's primary service provider, Sungard Phase 3, has desk space available for DLA employees to work at Sungard's Bedford, MA and New York City offices, where there is access to Phase 3 applications.

In addition, DLA has implemented a virtual private network (VPN) infrastructure that provides access to DLA's network and therefore Phase 3, from any location without having any single

DLA branch act as the specific conduit for that network connection. This network infrastructure change also allows for alternate methods of connecting to vendors using the public Internet, with several levels of redundancy and fail over. As a result, the firm increased its ability to leverage its remote branches for the purpose of providing regional diversity in the event of an SBD.

III. Pandemic Preparedness

Relating to the potential spread of H1N1 and other contagious diseases, DLA has taken proactive preventive measures to limit the transmittal of such disease, which include, but are not necessarily limited to, installation of hand sanitizers in each branch location, implementation of an Influenza Pandemic Policy, communications sent to the staff regarding measures designed to limit the spread of disease, periodic sanitizing of public areas within each branch, including door knobs and telephone handsets and other areas.

To keep current with information related to pandemic, DLA shall monitor communications from such organizations as the World Health Organization (WHO) and Centers for Disease Control and Prevention (CDC).

DLA has established a virtual private network (VPN) which allows users to gain access to DLA's network from virtually any location, as long the user has access to an internet-capable computer. DLA foresees use of the VPN in an instance such as a pandemic, where employees are asked to stay home, to prevent spread of the disease.

IV. Customers' Access to Funds and Securities

DLA maintains custody of customer funds and securities. Funds are held in either a DLA non-interest bearing account or in a money market fund offered to DLA customers through Federated Securities Corp. (Federated). In the event of an internal or external SBD, including pandemic, designated DLA employees will take customer instructions and contact DLA's bank or Federated on the customer's behalf. Manual checks can be written, in the event of an SBD, to satisfy the customer requirements in the event that automatic check processing is unavailable. DLA will post to the DLA website periodic messages designed to instruct customers how to gain access to their funds, whether through the website or through a designated telephone number. 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.

V Financial and 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, 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;

- the firm's public-facing web site www.davidlerner.com
- telephone and voice mail system messages
- facsimile
- email (restricted to employee and business partners)
- US Mail and other package delivery services as necessary

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

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 service bureau, 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 proceeding with an orderly dissolution working in conjunction with SIPC and the regulatory authorities

VI. Mission Critical Vendor 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, entry, and execution. We provide, through a contract with our service bureau, Sungard Phase 3, 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 service bureau contract provides that Sungard Phase 3 will maintain a business continuity plan and the capacity to execute that plan. Sungard Phase 3 represents that it will advise us of any material changes to its plan that might affect our ability to maintain our business and has presented us with an executive summary of its plan, which is attached. In the event Sungard Phase 3 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 Sungard Phase 3 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, Sungard Phase 3 represents that it will assist us in seeking services from an alternative source.

Sungard Phase 3 represents that it backs up our records at remote and, out of region sites. They further 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. They further confirmed the effectiveness of its back-up arrangements to recover from a wide scale disruption by testing, and it has confirmed that it tests its back-up arrangements every year.

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 service bureau, Sungard Phase 3 has the following SBD recovery time and resumption objectives: all systems would be restored and operational within 12 hours at the primary facility, otherwise a decision to relocate will be made and that remote site would be fully operational within 18 hours of the decision to move to that facility.

VII. DLA Mission Critical Systems

Order Taking

Currently, our firm receives orders from customers via telephone and in-person visits by the customer. Since all orders are currently taken in writing on a paper order ticket, a disruption in systems will not adversely affect the firm's ability to continue operations in this area. 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 telephone. In the event of a Pandemic, where a branch is not available due to quarantine or lack of employee presence, customers will be notified, likely through the DLA website, that the branch is unavailable and to call DLA to conduct business.

Order Entry

Currently, our firm enters orders electronically on Sungard's Phase 3 system. In the event of an SBD Sungard warrants in the BCP that services will be restored as described in Section IX Mission Critical Systems.

In the event of an internal SBD, we will enter and send records to our service bureau by the fastest alternative means available, which include facsimile, email, or in certain cases where timing permits, mail or courier. In the event of an external SBD, we will maintain the order in electronic or paper format, and deliver the order to the service bureau by the fastest means available when it resumes operations.

In the event of a pandemic, orders which are phoned in to DLA would be written to a ticket and delivered to Phase 3, following standard practice.

Order Execution

We currently execute equity, non mutual fund orders by entering the approved order tickets received from Registered personnel onto a Sungard Phase3 order entry screen, which routes the order automatically to the entity (broker/dealer) that is coded to receive the order. When the order is executed by that broker/dealer the order entry person who entered the order notes the price on the trade ticket, time stamps it and forwards the ticket to our Pricing and Securities department for processing through Phase3. This processing results in the generation of a confirmation which is delivered electronically to a mailing facility who in turn prints and mails a copy to the customer. In the case of mutual fund orders, the entry clerk inputs the approved tickets into the Phase3 system for execution through FundServ. The FundServ action takes place after the close of business each day, and the trades are processed the following business day, with confirms being generated and mailed to the customers that day using the same process previously described in this section. In the case of bond transactions, where the security is not on our inventory or offer sheets, the Registered personnel first contacts the Trading department for a bid or offer on the bonds in which the customer is interested in buying or selling. Once Registered personnel receives the price from the Trading department the approved ticket is delivered to the Trading department for a last review, and upon an approval, is then given to the Pricing and Securities department for processing and input into Sungard Phase3 to generate a confirmation for the customer.

In the event of an internal SBD, we would shift the Trading and Pricing and Securities functions described above to an alternate branch that continues to maintain access to the Sungard Phase 3 systems and operate using the processes described above. If none of the alternate branch locations were available, selected personnel from each of the aforementioned departments would be relocated to the Sungard Phase 3 offices in Manhattan, NY or alternatively to the Sungard Phase 3 headquarters in Bedford, MA where workstations with access to the required systems would be made available to the firm. In the event of an external SBD, we would conform to the procedures described in the BCP of Sungard Phase 3 until normal operations of that firm resumed.

Mission Critical Systems Provided by Service Bureau

DLA relies, by contract, on DLA's service bureau, Sungard Phase 3, to provide order execution, order comparison, order allocation, and the maintenance of customer accounts, delivery of funds and securities, and access to customer accounts.

XII. Alternate Communications Between the Firm and Customers, Employees, and Regulators

Customers

DLA communicates with customers through the telephone, the DLA website, fax, mail, and in person visits at various branch locations and off-site locations. In the event of an SBD, DLA 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 fax but the fax service 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.

Employees

DLA communicates with employee's through the telephone, e-mail, and in person. In the event of an SBD, DLA 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.