

Kevin Hart Kornfield & Co., Inc.
Kornfield Investment Management
Business Continuity Plan (BCP)

I. Emergency Contact Persons

Our firm's two emergency contact persons are: Kevin Kornfield, 717-560-0441, kevin@kornfieldmanagement.com, and Meryl Baer, 717-569-8106, mcbaer620@comcast.net. 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.

Rule: NASD Rule 3520.

II. Firm Policy

Our firm's policy is to respond to a Significant Business Disruption 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

Our plan anticipates two kinds of disruptions, internal and external. Internal disruptions affect only our firm's ability to communicate and do business, such as a fire in our building. External disruptions 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 disruption relies more heavily on other organizations and systems, especially on the capabilities of our clearing firm.

B. Approval and Execution Authority

Kevin Kornfield, President, is responsible for approving the plan and for conducting the required annual review. *Kevin Kornfield, President*, has the authority to execute this BCP.

III. Business Description

Our firm conducts business in equity and fixed income 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 firm, which executes our orders, compares them, allocates them, clears and settles them. Our clearing firm also maintains our customers'

accounts, can grant customers access to them, and delivers funds and securities. Our firm services retail and institutional customers. We have engaged in private placements.

Our clearing firm is National Financial Services LLC. The address is: 100 Crosby Parkway, Covington KY 41015. Their office phone number is: 800-544-0242.

IV. Office Location

Our Firm has an office located at 2137 Embassy Dr., Suite 105, Lancaster, PA 17603. Its main telephone number is 717-392-0002. Our employees travel to the office by car. We engage in order taking and entry at this location.

V. Alternative Physical Location(s) of Employees

In the event of a disruption, we will move our staff from affected office to home of Kevin Kornfield, 5989 Meadow Lark Lane, E. Petersburg, PA 17520. Its main telephone number is 717-560-0441.

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

VI. Customers' Access to Funds and Securities

Our firm does not maintain custody of customers' funds or securities, which are maintained at our clearing firm, National Financial Services LLC. In the event of an internal or external disruption, 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 Web site that customers may access their funds and securities by contacting Kornfield & Co. employees at 717-560-0441. 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.

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)

Our firm maintains its primary hard copy books and records and its electronic records at 2137 Embassy Dr., Suite 105, Lancaster, PA 17603. Kevin Kornfield, President, phone number 717-392-0002, 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, including: account management documents, client correspondence, client reports, etc.

Our firm maintains its back-up hard copy books and records at 5989 Meadow Lark Lane, E. Petersburg, PA 17520. These records include paper documents, back-up tapes, and CDs. Kevin Kornfield, President, phone number 717-392-0002, is responsible for the maintenance of these back-up books and records. Our firm backs up its paper records by copying and taking them to our back-up site. We back up our records every day.

The firm backs up its electronic records daily by transferring to removable electronic storage media, and keeps a copy at 5989 Meadow Lark Lane, E. Petersburg.

In the event of an internal or external disruption 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 a disruption, 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 a disruption will determine the means of alternative communication, the communications options we will employ will include our Web site, landline telephone service, cellular phone service, voice mail, secure e-mail, etc. 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 a disruption, 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 and critical banks 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

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. More specifically, these systems include web and/or phone access to our clearing firm and mutual fund companies.

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. Our clearing firm 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.

Our clearing firm contract provides that our clearing firm will maintain a business continuity plan and the capacity to execute that plan. Our clearing firm represents that it will advise us of any material changes to its plan that might affect our ability to maintain our business and present us with an executive summary of its plan. In the event our clearing 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 our clearing firm 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 firm represents that it backs up our records at a remote site. Our clearing firm 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. Our clearing firm has also 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 periodically.

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 clearing firm has the following disruption recovery time and resumption objectives: recovery time period of no more than 4 hours; and resumption time ideally within the same business day or if necessary as soon as possible thereafter.

A. Our Firm's Mission Critical Systems

1. Order Taking

Currently, our firm receives orders from customers via telephone/fax/e-mail or in person by the customer. During a disruption, 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 voice mail messages, Web site notification, e-mail, etc. If necessary, we will advise our customers to place orders directly with our clearing firm.

2. Order Entry

Currently, our firm enters orders by recording them on paper and electronically and sending them to our clearing firm electronically or telephonically. We have contacted National Financial and were told that, under its BCP, we can expect fallback services within a minimal period of time.

In the event of an internal disruption, we will enter and send records to our clearing firm by the fastest alternative means available. In the event of an external disruption, 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 disruption, we may need to refer our customers to deal directly with our clearing firm for order entry.

3. Order Execution

We currently do not execute orders.

B. Mission Critical Systems Provided by Our Clearing Firm

Our firm relies, by contract, on our clearing firm to provide order execution, order comparison, order allocation, and the maintenance of customer accounts, delivery of funds and securities, and access to customer accounts.

Rules: *NASD Rules 3510(c) & (f)(1).*

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

A. Customers

We now communicate with our customers using the telephone, e-mail, fax, U.S. mail, and in person visits at our firm or at the client's location. In the event of a disruption, 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.

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

B. Employees

We now communicate with our employees using the telephone and in person. In the event of a disruption, 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 a disruption. 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: Kevin Kornfield.

Caller	Call Recipients
<i>Kevin Kornfield</i>	<i>Meryl Baer, Sandy Bair</i>

Rule: NASD Rule 3510(c)(5).

C. Regulators

We are currently members of the following SROs: NASD and the MSRB. We communicate with our regulators using the telephone, e-mail, fax, U.S. mail, and in person. In the event of a disruption, 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 disruption. 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 disruption 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 disruption. The bank maintaining our operating account is: Belco Community Credit Union, 201 Good Drive, Lancaster PA 17603.

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

C. Counter-Parties

We have contacted our 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 disruption. Where the transactions cannot be completed, we will work with our clearing firm or contact those counter-parties directly to make alternative arrangements to complete those transactions as soon as possible.

Rules: NASD Rules 3510(a) &(c)(7).

XII. Regulatory Reporting

Our firm is subject to regulation by: Pennsylvania State Securities Commission, NASD, the SEC, and the MSRB. 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 a disruption, 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 at account opening. We also mail it to customers upon request. Our summary addresses the possibility of a future disruption 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. In addition, our firm will review this BCP annually, at our annual review meeting scheduled during the month of December, 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 a disruption.

Rule: NASD Rule 3510(d).

Signed: _____

Title: _____

Date: _____

Kevin Hart Kornfield & Co., Inc.'s Business Continuity Planning

Kevin Hart Kornfield & Co., Inc. has developed a Business Continuity Plan on how we will respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions is unpredictable, we will have to be flexible in responding to actual events as they occur. With that in mind, we are providing you with this information on our business continuity plan.

Contacting Us – If after a significant business disruption you cannot contact us as you usually do at 717-392-0002 or invest@kornfieldmanagement.com, you should call our alternative number 717-560-0441. If you cannot access us through either of those means, you should contact our clearing firm, National Financial Services LLC at 800-544-0242 for instructions on how it may assist you.

Our Business Continuity Plan – We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the firm's books and records, and allowing our customers to transact business. In short, our business continuity plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

Our business continuity plan addresses: data back up and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees, and regulators; alternate physical location of employees; critical supplier, contractor, bank and counter-party impact; regulatory reporting; and assuring our customers prompt access to their funds and securities if we are unable to continue our business.

Our clearing firm, National Financial Services LLC, backs up our important records in a geographically separate area. While every emergency situation poses unique problems based on external factors, such as time of day and the severity of the disruption, we have been advised by our clearing firm that its objective is to restore its own operations and be able to complete existing transactions and accept new transactions and payments within a reasonable time period. Your orders and requests for funds and securities could be delayed during this period.

Varying Disruptions – Significant business disruptions can vary in their scope, such as only our firm, a single building housing our firm, the business district where our firm is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only our firm or a building housing our firm, we will transfer our operations to a local site when needed and expect to recover and resume business within one hour. In a disruption affecting our business district, city, or region, we will transfer our operations to a site outside of the affected area, and recover and resume business within four hours on a business day, or the next business day. In either situation, we plan to continue in business, transfer operations to our clearing firm if necessary, and notify you through our customer emergency number, how to contact us. If the significant business disruption is so severe that it prevents us from remaining in business, we will assure our customer's prompt access to their funds and securities.

For more information – If you have questions about our business continuity planning, you can contact us at 717-392-0002 or invest@kornfieldmanagement.com.

