

BUSINESS CONTINUITY DISCLOSURE

Hollencrest has developed a Business Continuity Plan to address 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 your representative's direct number, our main number (949) 737-7700 or on our toll free number (800) 838-8951, you should call our alternative emergency number (949) 355-6123 or go to our web site www.hollencrest.com. If you cannot access us through either of those means, you should contact our clearing firm, J.P. Morgan Clearing Corp at (212) 552-1919 for liquidating orders, check and wire requests and/or ACAT transfers.

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, J. P. Morgan Clearing Corp, backs up their 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 they maintain four primary facilities to house the backbone of their trading, sales, operations and information technologies. The four facilities are located far enough apart to diminish the risk posed by local disruptions. This separation is a key element of their overall business continuity strategy. J. P. Morgan Clearing Corp's recovery times for mission critical systems range between real-time recoveries of four (4) to twelve (12) hours, depending on the scope of the interruption. 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 four (4) to six (6) hours. 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 a two (2) day period. In either situation, we plan to continue to operate and maintain our business, transfer operations to our clearing firm if necessary, and notify you through our web site www.hollencrest.com or our customer emergency number, (949) 355-6123. 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.

DISCLAIMER

Hollencrest's comprehensive business continuity plan and strategy is designed to enable us to meet our existing obligations to our clients and customers even in the event of an emergency or significant business disruption; however it is not infallible. The plan has been designed to work in many different situations, but such events are unpredictable and it is unrealistic for anyone to assume that every possible scenario that could cause significant business disruptions has been covered by this plan.

Due to the confidential nature of much of our plan, it is not possible to distribute the entire plan to clients, customers or other external entities. Recovery-time objectives are provided as estimates for our recovery, as well as goals to plan and test against. They are not by any means, deadlines that must be met in every situation, and various external factors surrounding the disruption, especially telecommunications, can effect actual recovery time.

Hollencrest's Business Continuity Plan Disclosure is subject to change without notice. In the event that we modify our plan, the updated document will be promptly posted on our web site, at which time such modifications will become effective. Alternatively, customers may obtain a hard copy of this disclosure by mail upon request.

OTHER INFORMATION

If you have questions about our business continuity planning, you can contact your representative directly, or you may contact the Firm at (800) 838-8951 or via the contact page of our web site.