



BDO CAPITAL ADVISORS, LLC

BUSINESS CONTINUITY PLAN

JULY 2010

I. Emergency Contact Persons

Our Firm's two emergency contact persons are Kenneth Csaplar, (617) 422-7578, kcsaplar@bdocap.com and Jeffrey R. Manning, (212) 885-7396, jrmanning@bdocap.com. Both are General Securities Principals. These names will be updated in the event of a material change, and our compliance department will review them at the end of each quarter. For further details, please review FINRA Rule 3520.

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
- Allowing our customers to transact business

In the event that BDO Capital Advisors, LLC ("BDO Capital"), determines 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, earthquake, 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 cleaning firm, Pershing.

B. Approval and Execution Authority

Kenneth Csaplar, President, as a Registered Principal, is responsible for approving the plan and for conducting the required annual review. Jeffrey Manning, Managing Director, along with assistance from the compliance department, has the authority to execute this Business Continuity Plan (BCP). Risk assessments are also performed every time the BCP plan is updated.

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. We have given the FINRA, Los Angeles, California, office a copy of our plan. An electronic copy of our plan is located on the Firm's Intranet and network server. Hard copies of the BCP are maintained at the main office in Boston, Massachusetts, and a backup in the branch office in Costa Mesa, California.

III. Business Description

BDO Capital Advisors, LLC is a middle market boutique investment bank that focuses on four product areas: mergers and acquisition advisory, corporate finance capital raising, special situations advisory, and board advisory. Through its highly experienced investment bankers, the firm has raised hundreds of millions of dollars in capital, been involved in the financial restructuring of hundreds of companies and generated over a billion dollars of shareholder transaction value in industries such as healthcare services, specialty manufacturing, software and information technology, specialty chemicals, and retail and consumer products.

BDO Capital Advisors, LLC is a separate legal entity and is an affiliated company of BDO USA, LLP, a New York limited liability partnership and national professional services firm. Through their affiliation with BDO's international network, BDO Capital has access to more than 300 corporate finance professionals domiciled in over 40 countries. BDO is regularly ranked in the top ten in M&A advisory based on number of transactions with values up to \$100 million by Thomson Reuters' league table ranking, and in the top ten of special situation banks by number of active bankruptcy engagements by The Deal.com. BDO Capital Advisors, LLC is a FINRA member firm.

BDO Capital eliminated the Corporate Services Group in December 2006 and terminated its relationship with Pershing LLC in January 2008. All client accounts were transferred to another broker of the client's choice or the accounts were liquidated and closed as directed by July 2007.

Our Firm maintains the client paper files at the branch office in Costa Mesa, California, and will retain those files until August 2010. Pershing will retain client account information in electronic form for the same period.

IV. Office Locations

Our Firm has offices located in Boston, Orange County (Costa Mesa), New York and Dallas.

A. Boston

Our Boston office is located at 100 High Street, Boston, MA 02110. Its main telephone number is (617) 422-7576. The supervising General Securities Principal is Kenneth Csaplar. Employees may travel to that office by means of foot, car, train and bus. Boston is the main office.

B. New York

Our New York office is located at 100 Park Avenue, 10th Floor, New York, NY 10017. Its main telephone number is 212-885-8585. The supervising General Securities Principal is Jeffrey Manning. Employees may travel to that office by means of foot, car, train and bus.

C. Orange County-Costa Mesa

Our Orange County office is located at 3200 Bristol Street, 4th Floor, Costa Mesa, CA 92626. Its main telephone number is (714) 668-7333. The General Securities Principal is Kenneth Csaplar. Employees may travel to that office by means of foot, car, train and bus.

D. Dallas

Our Dallas office is located at 700 North Pearl Street, Suite 2000, Dallas, TX 75201. Its main telephone number is (214) 665-0666. The supervising General Securities Principal is Jeffrey Manning with Harrison Price acting on his behalf in Jeff's absence. Our employees may travel to that office by means of foot, car, train and bus.

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 BOO USA, LLP, 1888 Century Park East, 4th floor, Los Angeles, CA 90067. Its main telephone number is (310) 557-0300. For additional information, please review FINRA Rule 351 0(c)(6).

VI. Customers' Access to Funds and Securities

As an investment banking firm, our Firm does not maintain custody of clients' funds or securities.

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

Our Firm maintains its primary hard copy books and records at 3200 Bristol Street, 4th Floor, Costa Mesa, CA 92626. Duplicate records are maintained electronically and are accessible to Kenneth Csaplar, President, (617) 422-7578, who is responsible for the maintenance of these books and records, such as those containing items related to:

- Correspondence
- Regulatory
- Clients
- Personnel

Please review the Firm's Written Supervisory Procedures in Section I. Supervisory System for document details.

Our Firm maintains its archive of hard copy books and records at O'Neill Moving Systems Incorporated, 2061 South Ritchey Street, Santa Ana, CA 92705, (714) 258-7770. These records are paper copies.

Kenneth Csaplar, President, (617) 422-7578, is responsible for the maintenance of books and records and back-up electronic files. The Firm backs up its electronic records daily by saving all data on the Costa Mesa server. The server is backed up to tapes daily and once a week the back-up tapes are moved to Iron Mountain located near the Costa Mesa office.

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. For additional information, please see *FINRA Rule 3510(c)(1)*.

VIII. Electronic Storage Media

The records required to be maintained and preserved pursuant to Rule 17a-3 and Rule 17a-4 may be immediately produced or reproduced, maintained, and preserved for the required time in electronic media form.

The Firm will at all times have available, for examination by self-regulatory organizations of which it is a member, facilities for immediate, easily readable projection or production of micrographic media or electronic storage media images and for producing easily readable images.

The data will be organized and indexed accurately with all information being maintained on both original and any duplicate storage media. In addition, a duplicate copy of the records will be stored separately from the original under Rule 17a-4 for the time required.

Pursuant to proposed NYSE Rule 340 and in order to verify automatically the quality and accuracy of the storage media recording process BDO Capital has in place an annual audit system providing for accountability regarding inputting of records required to be maintained and preserved pursuant to Rule 17a-3 and Rule 17a-4 to electronic storage media and inputting of any changes made to every original and duplicate record maintained and preserved.

The Firm will notify the FINRA ninety days prior to employing new electronic storage media. Records will be preserved in a non-rewritable, non-erasable format. Proper due diligence will be recorded for any outsourcing considerations. Tailored process and procedures are created for each outsourced activity. When choosing an outsourcing vendor the Firm evaluates:

- References and customer satisfaction level
- Financial stability
- Expertise in supporting business functions
- Ability to provide additional services and features that are related to BDO Capital's business

IX. Third-Party Email Compliance Platform

Beginning in April 2006, BDO Capital began outsourcing to AdvisorMail, a third-party web-based application that immediately captures, scans, and archives all emails (inbound-outbound-internal) and attachments. Each questionable document is reviewed, approved, documented, and filed separately within the AdvisorMail system, which uses WorkNet as the email hosting service.

AdvisorMail meets the SEC, FINRA, and NYSE regulatory requirements for surveillance of electronic communications and record retention. The emails and attachments are preserved in a non-rewriteable and non-erasable format. The system provides easy access to the archived emails and has the ability to download any records to an appropriate electronic storage media, if necessary for an audit review.

AdvisorMail and WorkNet's security infrastructure utilizes a combination of hardware, firewalls, intrusion detection, virus software, and 24-hour monitoring, which is configured in a redundant and load-balanced architecture, to ensure all data is protected. For added safety, the server facilities are maintained in a mirrored production environment at multiple geographic locations.

X. 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 www.bdocap.com, and telephone hotlines at (800) 729-3211 and (866) 876-9484. 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 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 at the discretion of the Board of Directors, instituting the dissolution procedures outlined in the Firm's Operating Agreement, if necessary.

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

A. Customers

We now communicate with our customers using the telephone, e-mail, our Web site, fax, U.S. mail, and in person. In the event of an SBD, we will assess the means of communication that are still available to us. 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 when a record is needed with paper copy in the U.S. mail.

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 the means of communication that are still available to us. 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 or cell and office phone numbers. The person to invoke use of the call tree is Scott Krueger, Chief Operating Officer.

C. Regulators

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 the means of communication that are still available to us. 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 when a record is needed with paper copy in the U.S. mail.

We are currently members of the following:

FINRA - Financial Regulatory Authority
SEC - Securities and Exchange Committee

As well as the following state jurisdictions:

- Arizona
- California
- Colorado
- Connecticut
- District of Columbia
- Florida
- Georgia
- Illinois
- Indiana
- Maryland
- Massachusetts
- Michigan
- Missouri
- Nevada
- New Jersey
- New York
- North Carolina
- Ohio
- Oregon
- Texas
- Utah
- Vermont
- Virginia
- Washington
- Wisconsin

XII. Critical Business Constituents, Banks, and Counter-Parties

A. Business Constituents

BDO Capital does not have 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). However, if in the future we do, the extent will be determined 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. For additional information, please review FINRA Rule 351 O(c)(7).

B. Banks

The bank maintaining our operating account is: Comerica Bank & Trust, P.O. Box 75000, Detroit, MI 48275, (800) 852-3649. The Firm's primary contact for banking relationships is Gary Bylsma, Treasurer, at BOO USA, LLP, (616) 774-7000. If our banks and other lenders are unable to provide financing, we will seek alternative financing immediately from other lending sources as the BDO Capital Board of Directors deems appropriate and necessary.

C. Counter-Parties

Where our critical counter-parties', such as other broker-dealers or institutional customers, transactions cannot be completed, we will work with our clearing firm, Pershing or contact those counter-parties directly to make alternative arrangements to complete those transactions as soon as possible.

XIII. Regulatory Reporting

Our Firm is subject to regulation by: FINRA, SEC, and SROs. 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 SEC, 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. For additional details, please review FINRA Rule 3510(c)(8).

XIV. Disclosure of Business Continuity Plan

The Firm provides the BCP disclosure statement to all clients at the time of a signed engagement and for at least one year after the deal closes.

XV. 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 to modify it for any changes in our operations, structure, business, or location or those of our clearing firm.

XVI. 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.

Signed: 

Kenneth A. Csaplár

Title: President, General Securities Principal

Date: July 1, 2010

ABOUT BDO CAPITAL ADVISORS, LLC

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ABOUT BDO

BDO is the brand name for BDO USA, LLP, a U.S. professional services firm providing assurance, tax, financial advisory and consulting services to a wide range of publicly traded and privately held companies. For 100 years, BDO has provided quality service through the active involvement of experienced and committed professionals. The firm serves clients through 39 offices and more than 400 independent alliance firm locations nationwide. As an independent Member Firm of BDO International Limited, BDO serves multi-national clients through a global network of 1,138 offices in 115 countries.

BDO USA, LLP, a New York limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms. For more information please visit: www.bdo.com.