

# **Folla Capital, LLC**

## **Business Continuity Plan (BCP)**

*(Updated November 5, 2020)*

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

Folla Capital, LLC (“Folla Capital”, “Folla”, the “Firm”, “we” “our” “us” or “our Firm”) has two emergency contact persons. Our firm’s two emergency contact persons are:

Christopher L. Franklin, Sr., 401.884.5300, cfranklin@follacapital.com

John T. Panaccione, 917.587.6842, jpanaccione@follacapital.com

The Firm will provide FINRA with the contact information for the two emergency contact persons: (1) name; (2) title; (3) mailing address; (4) email address; and (5) telephone number through the FINRA Contact System (FCS). We will promptly notify FINRA of any change in this information through FCS (but no later than 30 days following the change) and will review, and if necessary, update, this information within 17 business days after the end of each calendar year.

*Rule: FINRA Rule 4370(f); FINRA Rule 4517.*

### **II. Firm Policy**

The Firm has developed a Business Continuity Plan (“BCP”) which it will update as required by FINRA when material changes occur. A copy of this BCP can be found on our website at [www.follcapital.com](http://www.follcapital.com) or it can be requested from the Compliance Officer. The Compliance Officer approved the initial BCP and will be responsible for approving subsequent versions and for conducting the required annual review.

The BCP complies with the minimum requirements of FINRA Rule 4370 (c) and includes data back-up and recovery, information on critical systems, written information to identify changes in financial and operational exposures, alternate communications, alternate locations, customer and counterparty impact, regulatory reporting and communications with regulators. As the Firm will not hold customer funds or securities, the BCP does not mention FINRA Rule 4370 (c) (10). This part of the Rule covers how the member firm will assure customers prompt access to their funds and securities in the event that the member firm determines that it is unable to continue its business.

The Firm has provided FINRA with emergency contact information as described above and will update this information promptly in the event of a material change to the contact information. If the Firm is unable to contact FINRA during a significant business disruption through its usual contact, the Firm will call FINRA’s Gateway Call Center at 301. 590.6500.

Folla Capital’s operates a limited investment banking advisory business, and we do not take possession of any customer funds or assets. 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 making arrangement that will allow our clients to continue to transact business.

#### 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, a power outage, or a weather event. In the event of a disruption in the Company's business operations due to an internal SBD, the Company will attempt to continue to conduct business as usual by utilizing alternative communication methods (if available), such as the Internet, cell phones, etc., or by moving its operations to an alternative location. If personnel or operations must be moved to an alternate location, the Company anticipates that it will resume regular operations within 24 hours.

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. In the event of a disruption in the Company's business operations due to an external SBD, the Company will attempt to continue to conduct business as usual by moving its operations to an alternative location outside the affected area, if possible, or by providing customers with alternative communication arrangements. The Company will attempt to resume business within 24-48 hours and to keep its customers informed regarding relevant events to the best of its ability based on the circumstances. In all cases, the Company will resume normal business operations as soon as it is able to do so, based on the type and the extent of the disrupting event. If the significant business disruption is so severe that it prevents us from remaining in business, we will assure our customer's prompt access the Folla Capital website.

#### B. Approval and Execution Authority

Christopher L. Franklin, Sr., CCO is responsible for approving the plan and for conducting the required annual review. Our Firm's team members have the authority to execute this BCP.

#### C. Plan Location and Access

Our Firm will maintain a copy of this BCP plan and the associated annual reviews, including the changes that have been made to it for inspection at our office in Wilmington. An electronic copy of our plan is located in the Firm's electronic storage spaces, and they are accessible to all the members of our team.

*Rule: FINRA Rule 4370(b), (d) and (e).*

### **III. Business Description**

Folla Capital operates a limited, investment banking, agency-only securities business model. It does not carry customer accounts, customer funds or securities, and it does not engage in activities related to securities trading, either for itself or for customers. Our Firm is a small firm, and it is managed

by its three founders. It has no other employees.

**Donald C. Seifert, Jr.** is the CEO of Folla Capital and is the registered Investment Banking Principal.

**Christopher L. Franklin, Sr.** serves as Folla Capital's CFO, CCO and tax matters partner as a registered Principal and IBFinOp.

**John T. Panaccione** serves as Folla Capital's CTO as a registered Principal.

In a typical transaction, Folla Capital works alongside its clients to prepare a capital raising strategy, choosing the appropriate compliance pathway for a securities offering. Once the relevant compliance strategy has been decided upon with the client, and the appropriate exemption from registration has been claimed, or qualification has been received, Folla Capital assists its client with marketing the securities offering to investors in the appropriate way. This may include listing details of the client's offering on Folla Capital's portal or facilitating in-person presentations where clients describe their businesses to invited investors. Depending on the compliance strategy elected by the client, in some cases investors may transmit funds directly to the issuer. In most cases, investors will transmit funds to the escrow agent engaged in the securities offering.

Folla Capital's website serves as a portal for prospective investors to review the various securities offerings of its issuer clients, subject to the restrictions placed on such listings by the various compliance strategies employed for each offering.

Folla Capital's website will be the primary communication method employed to assist Folla Capital's issuer clients in their fundraising efforts, and for prospective investors to learn about the resultant investment opportunities.

Folla Capital will not trade for its own account or on behalf of its issuer clients or their investors. Accordingly, we do not have a clearing firm.

Folla Capital will not employ any order entry, handling or execution systems, or other investor facing technology.

Folla Capital does not anticipate the need to acquire or deploy systems to conduct business with other FINRA members.

Because Folla Capital's activities are limited in scope to investment banking agency-only business, and are expected to center largely on Regulation A, Regulation A+, Regulation CF, intrastate crowdfunding and Regulation D securities, Folla Capital expects that the majority of the electronic information that it shares with issuer clients in the course of its activities will be delivered via email, or via collaborative secure workspaces established in the cloud, such as Slack or Dropbox.

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

##### **A. Office Location #1**

Our Firm's office is located at 2002 Eastwood Road, Suite 302, Wilmington, North Carolina, 28403. Our CEO Mr. Seifert, and our CTO Mr. Panaccione work from this location. They commute to this office by car.

#### B. Office Location #2

Mr. Franklin works remotely from his office at 4060 Post Road, Warwick, RI 02886. He commutes to this office by car.

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

In the event that our office locations are unavailable in the short or the medium term, Folla Capital intends to have its members perform critical business functions remotely, accessing critical files and communicating with each other and our clients via the internet.

In the event that our office location is unavailable for a significant period, Folla Capital intends to secure alternate office space in conjunction with our technology provider.

*Rule: FINRA Rule 4370(c)(6).*

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

Folla Capital plans a limited, investment banking, agency-only securities business model. It will not carry customer accounts, customer funds or securities, and it will not engage in activities related to securities trading, either for itself or for customers.

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: FINRA Rule 4370(a); Securities Exchange Act Rule 15c3-1; see also 15 U.S.C. § 78eee.*

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

Folla Capital maintains the majority of its business documents electronically in a suitable format for the periods required under Rule 17a-4, including preservation of certain records in non-editable format, an audit trail of records, and internal control safeguards to limit access.

These electronic records are stored using a service hosted by Amazon Web Services (AWS), and they are archives and backed up according to the terms of the agreement in place between the two companies.

Folla Capital will maintain some hard copy documents at its office in Wilmington, North Carolina, and some at its office in Warwick, Rhode Island, at the addresses listed in section IV.

In the event of an internal or external SBD that causes the loss of our paper records, we will physically recover them from our secondary office. If our primary site is inoperable, we will continue operations with staff performing their roles from remote locations and connecting by using the internet.

Folla Capital's CCO, Christopher L. Franklin, Sr. is responsible for the maintenance of the Firm's books and records.

Rule: FINRA Rule 4370(c)(1).

## **VIII. Financial and Operational Assessments**

### **A. Operational Risk**

In the event of an SBD, the members of Folla Capital will immediately attempt to convene together on a conference call to determine communication plans with the following stakeholders:

- Technology vendors
- Clients
- Service providers
- Escrow agents
- Banks
- Regulators
- Contract employees
- Other interested parties

Rules: FINRA Rules 4370(c)(3), (c)(4), (c)(5), (c)(7), (c)(9 & (g)(2)).

### **B. Financial and Credit Risk**

In the event of an SBD, the members of Folla Capital will confer to determine which crowdfunding campaigns are ongoing and reach out to the applicable escrow agent(s) and issuer client(s) to advise them of the particulars of the SBD.

A primary priority will be to ensure that there are no in-flight investor subscription payments or repayments to or from issuer clients or escrow agents.

Rules: FINRA Rules 4370(c)(3), (c)(8) & (g)(2).

## **IX. Mission Critical Systems**

Folla Capital plans a limited, investment banking, agency-only securities business model, and as such it will not carry customer accounts, customer funds or securities, and it will not engage in activities related to securities trading, either for itself or for customers. We do not have typical

“mission critical systems” such as accurate processing of securities transactions, including order taking, entry, execution, comparison, allocation, clearance and settlement of securities transactions., the maintenance of 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 providing services as identified in Section III above. We may use other service providers for executing those services and those providers will maintain business continuity plans and the capacity to execute those plans.

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 services after a wide-scale disruption; resumption refers to the capacity to continue those services after a wide-scale disruption.

Mr. Franklin will periodically review our service provider’s capabilities to perform those services as contracted to perform for our firm.

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

A. Customers

Folla Capital communicates with clients via email, telephone, video-conference, in-person and through collaborative workspace applications such as Slack and Dropbox. In the event of a widespread internet outage, the Firm will communicate with clients via telephone, with documents delivered via the U.S. Mail where appropriate.

*Rule: FINRA Rule 4370(c)(4).*

B. Employees

We now communicate with our employees using the telephone, email, 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 a SBD. The call tree includes all staff home and office phone numbers. The person to invoke the use of the call tree is the CCO, Christopher L. Franklin, Sr.

Caller	Call Recipient
Christopher L. Franklin, Sr, CTO	Donald C. Seifert, Jr, CEO
Donald C. Seifert, Jr, CEO	John T. Panaccione, CTO
Together	Conference call to discuss SBD

*Rule: FINRA Rule 4370(c)(5).*

### C. Regulators

Folla Capital is a member of FINRA, and the Firm is also regulated in several States where it does business. We facilitate intrastate crowdfunding transactions that are subject to administrative rules of various State Securities Regulators, including in North Carolina. We facilitate federal crowdfunding transactions that employ compliance strategies administered by the US Securities and Exchange Commission.

The Firm communicates with each of these regulators by a variety of methods, including online portals, email, telephone, and the U.S. Mail. 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 each of the relevant regulators.

*Rule: FINRA Rule 4370(c)(9).*

## XI. Critical Business Constituents, Banks, and Counter-Parties

### A. Business constituents

In the event of a SBD, the members of Folla Capital will immediately attempt to convene together on a conference call to determine communication plans with the following stakeholders:

- Technology vendors
- Clients
- Service providers
- Escrow agents
- Banks
- Regulators
- Contract employees
- Other interested parties

In addition to addressing contingencies arising from the impact of an SBD to the operations of Folla Capital, the Firm will attempt to address the potential impact of the SBD to each of the stakeholders themselves.

Upon contacting each of these stakeholders, if it is determined that the SBD will have a material impact on the provision of important services to Folla Capital or our clients, we will begin the process of securing temporary or permanent alternate arrangements.

*Rules: FINRA Rule 4370(c)(7).*

### B. Banks

Due to the limited nature of our business, we do not have relationships with banks or other lenders.

*Rules: FINRA Rule 4370(c)(7).*

### C. Counter-Parties

Due to the limited nature of our business, we do not have relationships with critical counterparties, such as other broker-dealers or institutional customers.

*Rules: FINRA Rule 4370(c)(7).*

## **XII. Regulatory Reporting**

Folla Capital is a member of FINRA, and the Firm is also regulated in several States where it does business. We facilitate intrastate crowdfunding transactions that are subject to administrative rules of various State Securities Regulators, including in North Carolina. We facilitate federal crowdfunding transactions that employ compliance strategies administered by the US Securities and Exchange Commission.

We now file reports with our regulators using paper copies in the U.S. mail, and electronically via online portals and email. 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.

- FINRA [301.869.6699, CRD# 305140]
- SEC [202.551.6000]
- North Carolina Secretary of State, Securities Division (NC PACES transactions) (919.814.5400)

*Rule: FINRA Rule 4370(c)(8).*

## **XIII. Disclosure of Business Continuity Plan**

Attached is our written BCP disclosure statement we provide clients at the start of our relationship with them. We also post the disclosure statement on our website. It is available to anyone who might be interested in seeing it upon request.

*Rule: FINRA Rule 4370(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. In addition, our firm will review this BCP at least annually to modify it for any changes to our operations, SBD experiences, structure, business or location.

Rule: FINRA Rule 4370(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 an SBD.

Rule: FINRA Rule 4370(d).

Signed: *Christopher L. Franklin, Sr.*

By: Christopher L. Franklin, Sr.

Title: Chief Compliance Officer, IBFinOP

Date: November 5, 2020