

**Firm Brochure**  
(Part 2A of Form ADV)

**WHITE PINE INVESTMENT COMPANY**  
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This brochure provides information about the qualifications and business practices of WHITE PINE INVESTMENT COMPANY. If you have any questions about the contents of this brochure, please contact us at: 734-464-2532, or by email at: [rking@wpinv.com](mailto:rking@wpinv.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about WHITE PINE INVESTMENT COMPANY is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

March 7, 2019

## Material Changes

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### Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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### Material Changes since the Last Update

## Business Development Officer

In December of 2018, we hired William J. Johnson, CFP as our new Business Development Officer.

## New Client Reporting Software and Web Portal

In May of 2018, we began using Tamarac Reporting as our new client reporting software which also allowed us to offer a Web Portal for clients to use.

## New Fee Schedule

<u>Stock Rates</u>		<u>Mutual Fund &amp; Fixed Income</u>	
<i>Bracket</i>	<i>Rate</i>	<i>Bracket</i>	<i>Rate</i>
<i>\$0.0 - \$1.0 MM</i>	<i>1.00%</i>	<i>\$0.0 - \$250k</i>	<i>0.50%</i>
<i>\$1.0 MM - \$2.0 MM</i>	<i>0.75%</i>	<i>\$250k - \$500k</i>	<i>0.35%</i>
<i>\$2.0 MM - \$4.0 MM</i>	<i>0.65%</i>	<i>\$500k - \$1.0 MM</i>	<i>0.30%</i>
<i>\$4.0 MM - \$8.0 MM</i>	<i>0.50%</i>	<i>\$1.0 MM - \$2.0 MM</i>	<i>0.25%</i>
<i>\$8.0 MM +</i>	<i>0.40%</i>	<i>\$2.0 MM +</i>	<i>0.20%</i>

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### Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 734-464-2532 or by email at: [rking@wpinv.com](mailto:rking@wpinv.com).

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## **Advisory Business**

### **Firm Description**

WPIC, (“WPIC”) was founded in 1997.

WPIC provides personalized confidential financial planning and investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding and retirement planning.

WPIC is strictly a fee-only financial planning and investment management firm. The firm is not affiliated with entities that sell financial products or securities. No commissions or finders’ fees in any form are accepted for financial planning and investment management.

Investment advice is an integral part of financial planning. In addition, WPIC advises clients regarding cash flow, college planning, retirement planning, tax planning and estate planning.

Investment advice is provided, with WPIC making the final decision on investment selection. WPIC does act as a custodian of client assets only in instances when Standing Letters of Authorization exist for Third Parties. The client always maintains asset control. WPIC places trades for clients under a limited power of attorney.

A written evaluation of each client's initial situation is provided to the client, often in the form of a Financial Plan Review. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

### **Principal Owners**

J. Russell King is a 60% stockholder and Anthony J. DiGiovanni is a 40% stockholder.

### **Types of Advisory Services**

WPIC provides investment supervisory services, also known as asset management services and furnishes investment advice through consultations.

On more than an occasional basis, WPIC furnishes advice to clients on matters not involving securities.

For Example: Financial planning matters; taxation issues; trust services that include estate planning, etc.

As of 1/1/2019, WPIC manages approximately \$258,347,624 in assets for approximately 727 accounts. All accounts are managed on a discretionary basis.

### **Tailored Relationships**

The goals and objectives for each client are documented in our client relationship management system. Investment policy statements are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may only be assigned with client consent.

### **Types of Agreements**

The following agreements define the typical client relationships.

## Investment Advisory Agreement

All clients choose to have WPIC manage their assets to obtain ongoing in-depth advice and life planning. All aspects of the client's financial affairs are reviewed, including those of their children. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

### For Example:

1. A client's review with WPIC results in a goal to plan for future education costs. After this goal has been met another review would take place to assess current goals.
2. An initial client's review with WPIC results in plans for retirement. After the client retires, another review takes place to assess current goals.

The scope of work and fee for an Investment Advisory Agreement is provided to the client in writing before the start of the relationship. An Investment Advisory Agreement includes: investment management (including performance reporting); education planning; retirement planning; estate planning; and tax preparation, as well as the implementation of recommendations.

The annual Investment Advisory Agreement fee is based on a percentage of the investable assets according to the following schedule:

<u>Stock Rates</u>		<u>Mutual Fund &amp; Fixed Income</u>	
<i>Bracket</i>	<i>Rate</i>	<i>Bracket</i>	<i>Rate</i>
<i>\$0.0 - \$1.0 MM</i>	1.00%	<i>\$0.0 - \$250k</i>	0.50%
<i>\$1.0 MM - \$2.0 MM</i>	0.75%	<i>\$250k - \$500k</i>	0.35%
<i>\$2.0 MM - \$4.0 MM</i>	0.65%	<i>\$500k - \$1.0 MM</i>	0.30%
<i>\$4.0 MM - \$8.0 MM</i>	0.50%	<i>\$1.0 MM - \$2.0 MM</i>	0.25%
<i>\$8.0 MM +</i>	0.40%	<i>\$2.0 MM +</i>	0.20%

Exceptions will apply to employees of WPIC and their relatives, or relatives of existing clients.

Although the Investment Advisory Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter before termination.

### **Asset Management**

Assets in most accounts are invested primarily in individual securities, money market funds, exchange traded funds (ETF's) no-load mutual funds or load funds that allow investment advisors to buy their shares at net asset value, usually through discount brokers or fund companies.

### **Definitions:**

**Individual Security:** Stocks and bonds are examples of individual securities. Stocks are a share of the ownership of a company. Initially, they are sold by the original owners of a company to gain additional funds to help the company grow. The owners basically sell control of the company to the stockholders. After the initial sale, the shares can be sold and resold on the stock market. A bond or fixed income security is also a type of individual security. The bond issuer promises to pay back the bond purchaser the principal and interest by the listed maturity date. A bond holder is a lender to the corporation. Individual securities can come in different sizes and structures.

Example: Microsoft is an individual security listed on the NASDAQ stock exchange with the symbol "MSFT"

Example: Microsoft issues a bond (debt security) that WPIC purchases on behalf of clients on 1/1/2011 for \$900. The face value of the bond is \$1,000. MSFT states they will pay \$50 in

interest semiannually until the maturity date on 1/1/2013. At maturity the clients receive the face value (\$1,000) and have received four \$50 payments over the last two years.

**Mutual Funds:** Mutual funds are portfolios of individual securities that are created and managed by mutual fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Mutual funds sometimes charge a “sales charge” or “load” to investors who purchase this security. A “load” is an upfront sales charge. WPIC does not normally purchase funds with a “load”. No-load mutual funds do not charge an upfront sales charge. Mutual funds come in different sizes, strategies and structure.

Example: Kinetics Global Advisor Class A Fund is a load fund listed on the NASDAQ stock exchange with the symbol "KGLAX". Fidelity Contrafund is a no-load fund listed on the NASDAQ stock exchange with the symbol "FCNTX"

**Exchange Traded Funds (ETFs):** An investment fund traded on stock exchanges. Like mutual funds, ETF's invest in a basket of securities. Generally, however, ETF's will track a specific index which tends to keep their expense ratios lower than mutual funds.

Example: Vanguard Emerging Markets ETF trades under the ticker symbol VWO. It tracks the FTSE Emerging Market Index which is a broad based index that invests in emerging markets globally. It charges a nominal management fee.

**Money Market Fund:** A mutual fund that invests in short-term fixed income securities that are considered low-risk. These are generally not federally insured and pay dividends that reflect short-term interest rates.

Example: Schwab Money Market Fund is a fund where cash in an account can be held until another investment opportunity is found.

**Shorting a Stock:** A strategy that is used when there is belief that the stock desired to be shorted will have a decline in value is called a short sale. The short seller is a person who borrows a share of a company from an investor and these borrowed shares are then sold at the current market price to a buyer.

If the stock price declines, the seller then can repurchase shares of the shorted stock at the current (and lower) market price and return these shares to the investor the short seller borrowed from.

These short sales have unlimited loss potential since the shorted stock could continually increase in price forever.

In order to begin shorting a stock an investor or client must have a margin account, and multiple rules exist around shorting stock.

Borrowed funds will be charged interest and are typically used as a hedging instrument (one that can decrease overall risk).

Example: Investor A believes that Home Depot will have a poor earnings report which in turn will cause the stock price to decline. Investor A decides to short Home Depot stock and borrow shares from a lender.

Investor A borrows 10 shares of Home Depot, which is currently selling at \$50 per share from lender A. Investor A then sells these shares to investor B at \$50 per share. The total amount received is \$500 (10 shares x \$50 per share). Home Depot declines to \$25 per share after the earnings report, where investor A purchases 10 shares from investor C. The cost to purchase is \$250 (10 shares x \$25 per share).

Investor A then returns these 10 shares to lender A. The entire gain is the amount received from the sale to investor B, minus the purchase from investor C. So, in this scenario, \$500 - \$250 for a total gain of \$250.

In reality it is slightly more complicated, and these borrowed shares would have interest charges on them.

Discount brokerages may charge a transaction fee for the purchase of some funds. WPIC currently has an agreement with discount brokerage firm Charles Schwab which states that clients of WPIC will never be subject to transaction fees larger than \$49.95 for mutual fund trades. If a client chooses to use a custodian other than Charles Schwab then these transaction fees may be different. WPIC does not participate in any of these fees. When mutual funds are used, the clients of WPIC pay both WPIC's management fee and the fees imposed by the mutual fund trading company.

WPIC manages client assets according to client needs in individual portfolios that may contain equities, mutual and fixed income securities. WPIC has full investment discretion on all accounts. Any exception is indicated in each client's investment advisory contract.

Stocks and bonds are purchased or sold through a brokerage account. The brokerage firm charges a fee for stock and bond trades. WPIC does not receive any compensation, in any form, from fund companies. WPIC clients pay brokerage commissions and fees in addition to WPIC's management fee. The only forms of compensation to the custodian or broker dealer are derived from the trading commissions paid by the clients and the expense ratio related to mutual funds.

Investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (mutual funds shares), U. S. government securities, options contracts, futures contracts, and interests in partnerships. Occasionally, following proper rules and procedures, WPIC may enter into short sales for clients suited to this strategy.

Initial public offerings (IPOs) are not available through WPIC.

### **Termination of Agreement**

A client may terminate any of the aforementioned agreements at any time by notifying WPIC in writing and paying the rate for the time spent on the investment advisory engagement before notification of termination. If the client made an advance payment, WPIC will refund any unearned portion of the advance payment.

WPIC may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, WPIC will refund any unearned portion of the advance payment.

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## **Fees and Compensation**

### **Description**

WPIC bases its fees on a percentage of assets under management for Investment Management.

Investment Management fees are negotiable.

### **Fee Billing**

WPIC bills investment management fees quarterly, in advance, meaning that WPIC will invoice clients before the three-month billing period has begun. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. Clients of WPIC must consent in advance to direct debiting of their investment account.

### **Other Fees**

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Usually the maximum transaction fee a WPIC client can incur is \$49.95 for mutual fund trades if the client chooses to use Charles Schwab as the custodian. However, occasionally higher fees may be charged if a client has an outside money manager or a DVP account. Also, if clients receive paper statements or confirms, their minimum transaction fee would be \$12.95.

WPIC in its sole discretion, may waive its minimum investment advisory fee and/or charge a lesser fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

New Investment Advisory Agreement fees are based on our standard fee schedule.

## **Expense Ratios**

Mutual funds and exchange traded funds (ETFs) generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% annually for their services. These fees are in addition to the fees paid by you to WPIC.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

## **Past Due Accounts and Termination of Agreement**

WPIC reserves the right to stop work on any account that is more than 30 days overdue. In addition, WPIC reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in WPIC's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 30 days.

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## **Performance-Based Fees**

### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

WPIC does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

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## **Types of Clients**

### **Description**

WPIC generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or business entities.

Client relationships vary in scope and length of service.

## **Account Minimums**

The minimum account size is \$500,000 of assets under management, which equates to an annual fee of \$0 to \$5,000 determined by the value of the portfolio.

WPIC has the discretion to waive the account minimum. Accounts of less than \$500,000 may be set up when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total to \$500,000 within a reasonable time. Other exceptions will apply to employees of WPIC and their relatives, or relatives of existing clients.

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## **Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods of Analysis**

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

#### **Definitions:**

**Charting & Technical Analysis:** Displaying several technical indicators of a single security on a “chart”. This allows comparisons of technical measures using different charting methods to analyze investments and performance. Security analysis focused around past trends, price and volume. This is sometimes referred to as supply and demand analysis. There are various statistical measures used to forecast a security’s future performance.

**Fundamental Analysis:** Determining a security’s true value (sometimes called the intrinsic value) by focusing on factors that are measurable. This data is analyzed and compared against other securities as well as future prospects. This analysis is used to evaluate whether a security is overvalued or undervalued.

**Cyclical Analysis:** Evaluation of the current economic cycle (sometimes referred to as the business cycle) to help determine proper valuations of companies. This is seen as a macro-economic analysis that helps identify opportunities/concerns in specific industries and further more specific companies.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that WPIC may use include: past and present articles found within Barron's and The Wall Street Journal; Morningstar Advisor Workstation; Schwab Institutional; Charles Schwab & Company; Bloomberg; and the World Wide Web.

### **Investment Strategies**

WPIC will buy individual securities and ETF's in most accounts but does invest client dollars in money market funds, no-load mutual funds or load funds that allow investment advisors to buy their shares at net asset value. These mutual funds are used to meet specific goals as outlined in the Investment Policy Statement. Diversification in a smaller account will often make buying a mutual fund and/or ETFs rather than individual securities necessary.

### **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of

return (i.e. interest rate). This primarily relates to fixed income securities.

- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## **Disciplinary Information**

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### **Legal and Disciplinary**

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

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## **Other Financial Industry Activities and Affiliations**

### **Financial Industry Activities**

WPIC is a Registered Investment Advisor

### **Affiliations**

WPIC has no affiliations. Employees of WPIC have affiliations that are disclosed elsewhere in this document.

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## **Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

### **Code of Ethics**

The employees of WPIC have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

### **Participation or Interest in Client Transactions**

WPIC and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the *WPIC Compliance Manual*.

### **Personal Trading**

The Chief Compliance Officer of WPIC is now J. Russell King. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small relative to the size of the market, the trades do not affect the securities markets.

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## **Brokerage Practices**

### **Selecting Brokerage Firms**

WPIC does not have any affiliation with product sales firms. Specific custodian recommendations are made to clients based on their need for such services. WPIC recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

WPIC recommends discount brokerage firm Charles Schwab & Co. Inc.

WPIC does not receive fees or commissions from any of these arrangements.

## **Best Execution**

WPIC reviews the execution of trades at each custodian each quarter. The review is documented in the *WPIC Compliance Manual*. Trading fees charged by the custodians is also reviewed on a quarterly basis. WPIC does not receive any portion of the trading fees.

## **Soft Dollars**

WPIC is currently not engaged in any soft dollar arrangements.

## **Order Aggregation**

WPIC does aggregate client trades when it would be beneficial for clients.

WPIC has a Bunched Order Policy that governs the practice of aggregating trades.

The Bunched Order Policy states:

Transactions for each client account will occur independently unless WPIC decides to purchase or sell the same securities for several clients on the same day. WPIC may combine or “bunch” client orders.

When buying or selling, all clients will receive an average execution price for the security. Not all accounts participating in a bunched order will receive a pro-rata commission. Each account will be subject to the minimum ticket fee imposed by the broker dealer who has custody of the account.

In cases where a partial fill arises, accounts will be allocated based on a random assignment. Executives of White Pine will be excluded from the random draw in case of a partial fill.

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## **Review of Accounts**

### **Periodic Reviews**

Account reviews are performed at least quarterly by advisor J. Russell King, President, and Anthony DiGiovanni, Chief Investment Officer. Account reviews are performed more frequently when market conditions dictate.

### **Review Triggers**

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

### **Regular Reports**

Account reviewers are members of the firm's Investment Committee. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Clients receive periodic communications on at least an annual basis. *Investment Advisory Agreement* clients, receive written quarterly updates. The written updates may include individual performance reports as well as an aggregate report for all of the clients' accounts. Annual ADV offer, Annual Privacy Policy, realized gain and loss report in January for the previous year and other reports are also available upon request.

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## **Client Referrals and Other Compensation**

### **Incoming Referrals**

WPIC has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

## **Referrals Out**

WPIC does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## **Other Compensation**

WPIC does not receive any compensation from sources other than those listed above.

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## **SEC Rule 206(4)-2 (Custody Rule)**

WPIC does not custody client assets directly. According to the definition of the rule, the firm does have indirect custody because clients allow WPIC to deduct advisory fees from their account on a quarterly basis. However, the SEC requires us to claim custody of assets for any clients that have SLOA's on file allowing us to move funds to accounts registered in a different name than their account.

## **Custody**

### **Account Statements**

All assets are held at qualified custodians. This means the custodians provide account statements directly to clients at their address of record at least quarterly.

### **Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by WPIC

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## **Investment Discretion**

### **Discretionary Authority for Trading**

WPIC accepts discretionary authority to manage securities accounts on behalf of clients. WPIC has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, WPIC consults with the client before each trade to obtain concurrence if a blanket trading authorization has not been given.

The Client approves the custodian to be used. WPIC negotiates the commission rates paid to the custodian. WPIC does not receive any portion of the transaction fees or commissions paid by the Client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in Client accounts on the behalf of clients so that WPIC may promptly implement the investment policy that clients of WPIC have approved in writing.

### **Limited Power of Attorney**

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved.

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### **Voting Client Securities**

#### **Proxy Votes**

WPIC does vote proxies on securities on behalf of clients.

In voting client proxies, White Pine will usually vote all proxies according to management recommendations

### **Information Security Policy**

#### **Risk Assessment**

Met with a consultant with Booz Allen Hamilton, on September 17, 2015 to review our cyber security protocols. Debra Baron attended a cyber security seminar in Nov. 2015. The following procedures were implemented or improved as a result of the meeting and seminar.

#### **Wire Fraud Identity Theft**

In order to prevent wire fraud, we have established a policy of calling and personally speaking with any client that requests a third party wire by e-mail. We also fax and complete the wire transfer cover letter for third party wires to Schwab along with the wire request. Money transfers to existing bank accounts are set up at Schwab using their money link system. We have included a copy of Schwab's Certification as to SEC Identity Theft Red Flags Program in our Compliance and Procedures Manual.

## **Client Sensitive Data Procedures**

All client files stored on our servers that have any sensitive client information will be password encrypted with an 11-digit code. Each code must have capital and lower case letters, a character string, and 6 numbers. All such files will be encrypted or redacted prior to sending in an email to our clients.

All social security numbers have been removed from our client information database.

## **Office Building**

Our office, located at 17199 Laurel Park Dr., is locked after working hours. Only employees with a key card may enter the building after 5:00 pm or before 7:30 am. Our office also has a lock that only employees, the janitor, and the building manager have access to. Our server room also has a lock that only employees have access to.

White Pine has a policy to remove all client sensitive information from our desks prior to leaving for the night. Each employee has access to a desk drawer that can be locked to store such working papers.

## **Computers and Network**

All computers were replaced and updated with most recent Windows operating system and Office products. A diagram of our network is attached with firewall access points defined. The network is protected from the Internet with a firewall and our wifi access point is protected with an Airtight device.

White Pine uses the IT services of Xpert Technologies to maintain our computers and network. They monitor our computers for viruses and malware and have updated our computers with the latest technologies.

White Pine has a policy that all computers are to be locked or shut down at night requiring a password to log back into our network. All server files are backed up in the evening with incremental back-ups performed throughout the day. The data is sent offsite and replicated in two locations. We reviewed our backup procedures for software located on network computers during the year. Both Quickbooks, which holds White Pine's financial data, and Money Guide Pro, which contains our clients' financial plans, are backed up every time they are used and saved to our server.

All emails are archived on an hourly basis into our CRM software, ProTracker. Presently, we also maintain our outlook .pst files. We are in the process of switching to a cloud based exchange server for better access and backup capabilities.

## **Access to Schwab**

All clients custody their assets at Charles Schwab. Schwab utilizes a two-factor security system, a password and random number generated from a key fob, to access our client's accounts.

## **Cyber Security Insurance**

White Pine purchased Cyber Security Insurance in November of 2016 through Travelers Indemnity Company of America.

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## **Financial Information**

### **Financial Condition**

WPIC does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

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## **Business Continuity Plan**

### **General**

WPIC has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

### **Disasters**

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

### **Alternate Offices**

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

### **Loss of Key Personnel**

If J. Russell King were unable to perform his duties at WPIC, each client would have Anthony DiGiovanni manage their accounts.

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## **Information Security Program**

### **Information Security**

WPIC maintains an information security program to reduce the risk that your personal and confidential information may be breached.

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## **Advertising & Marketing**

WPIC's policy concerning any advertising and marketing materials is to be truthful and accurate. Advertisement and marketing consists of all written material which includes websites, newsletters, emails and all correspondence to existing clients or prospective clients with the intent of promoting our service offerings. Our guidelines come from section 206 of the Investment Advisors Act of 1940.

All advertisements and promotional materials must be reviewed and approved prior to use by the Chief Compliance Officer to ensure proper disclosures and disclaimers are present and appropriate and that the material is both truthful and accurate.

## **Privacy Notice**

WPIC is committed to maintaining the confidentiality, integrity and security of the personal information that is gathered.

The categories of nonpublic information that WPIC collects from clients may include information about client personal finances, information about client health to the extent that it is needed for the financial planning process, information about transactions between clients and third parties, and information from consumer reporting agencies, e.g., credit reports. WPIC uses this information to help clients meet personal financial goals.

With permission, WPIC discloses limited information to attorneys, accountants, and mortgage lenders with whom clients have established a relationship. Clients may opt out from WPIC sharing information with these nonaffiliated third parties by notifying WPIC at any time by telephone, mail, fax, email, or in person. With permission, WPIC shares a limited amount of information about clients with the client's brokerage firm to execute securities transactions on the behalf of clients.

WPIC maintains a secure office to ensure that client information is not placed at unreasonable risk. WPIC employs a firewall barrier, secure data encryption techniques and authentication procedures in WPIC's computer environment.

WPIC does not provide personal information to mailing list vendors or solicitors. WPIC requires strict confidentiality in agreements with unaffiliated third parties that require access to client personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review WPIC records and client personal records as permitted by law.

Personally identifiable information about clients will be maintained throughout the client's relationship with WPIC, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

WPIC will notify clients in advance if WPIC's privacy policy is expected to change. WPIC is required by law to deliver this *Privacy Notice* to clients annually, in writing.