



140 BROADWAY NEW YORK, NY 10005

BUSINESS CONTINUITY PLAN (BCP)

I. Emergency Contact Persons

Our firm's two emergency contact persons are: Ralph J. Scarpa, Managing Director at 212-320-3050, ralph.scarpa@shieldsandco.com and Christopher F. Meyer, Compliance Officer at 212-320-3080, chris.meyer@shieldsandco.com

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, 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 (SBDs)

Our plan anticipates two kinds of SBD, 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, a city flood, 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 clearing firm. (See attached Exhibit B)

B. Approval and Execution Authority

Christopher F. Meyer, a registered principal, is responsible for approving the plan as well as our Board of Directors, and for conducting the required annual review. Joseph V. Shields, Jr., Chairman/Co-CEO, David V. Shields, Managing Director/Co-CEO & Ralph P. Scarpa, Managing Director have the authority to execute this BCP.

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. An electronic copy of our plan is located on disc and is in the possession of all principle officers and senior administrative assistant. It is also located in the www.shieldsandco.com website.

III. Business Description

Our firm conducts business in equity, fixed income, and derivative 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 compares them, allocates them, clears and settle 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.

Our clearing firm is First Clearing LLC, 10700 Wheat First Drive, St. Louis, MO 23060, www.firstclearingllc.com, First Clearing LLC and can be reached at 877-496-3223.

IV. Office Locations

A. Office Location #1

Our Location #1 is located at 140 Broadway, New York, NY 10005. Main Phone #212-320-3000. Our employees may travel to that office by means of (see attached list). We engage in order taking and entry at this location.

B. Office Location #2

Our Location #2 is located at 78 Forest Avenue, Locust Valley, NY 11560. Main Phone #516-671-5100. Our employees may travel to that office by means of personal vehicle or taxi service. We engage in order taking and entry at this location.

C. Office Location #3

Our Location #3 is located at 2900 S. Tamiami Trail, Sarasota, FL 34239. Main Phone # 941-366-2100. Our employees may travel to that office by means personal vehicle or taxi service. We engage in order taking and entry at this location.

D. Office Location #4

Our Location #4 is located at 140 North Broad Street, Thomasville, GA 31792. Main Phone #860-442-0112. Our employees may travel to that office by means of private vehicle or taxi service. We engage in order taking and entry at this location.

E. Office Location #5

Our Location #5 is located at 1000 Ponce de Leon Blvd. #106, Coral Gables, FL 33134. Main Phone #305-461-5577. Our employees may travel to that office by means of personal vehicle or taxi service. We engage in order taking and entry at this location.

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 operate from the closest First Clearing facility in the vicinity. 800-775-7041

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, First Clearing LLC. In the event of an internal or external SBD, 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 Christopher Meyer, 212-320-3080, chris.meyer@shieldsandco.com. The firm will make this information available to customers through its disclosure policy.

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

Our firm maintains its primary hard copy books and records at GRM Storage, 215 Coles St., Jersey City, NJ 07310, main phone #201-798-7100. Christopher Meyer, Compliance Officer, 212-320-3080, 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: new account forms, medallion agreements, W-9, option agreements, IRA enrollment forms, etc.

The firm backs up its electronic records daily by replacing discs and keeping copies at personal residences for Phil Curcuru, CFO, and Frank Lin, Technical Support.

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.

VIII. Financial and Operation Assessments

A. Operational Risk

In the event of an SBD, we will immediately identify that means will permit us to communicate with our customers, employees, critical business constituents, critical banks, critical counter-partners, and regulators. Although the effects of an SBD will determine the means of alternative communication, the communications options we will employ will include our Web site: www.shieldsandco.com, Voice mail: 212-320-3000, E-mail: julie.vicinanza@shieldsandco.com, Christopher Meyer, 212-320-3080.

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 clearing firm, 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 other wise 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 to protect our customers.

IX. Mission Critical Systems

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 and execution. First Clearing, LLC provides, through clearing agreement, the 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 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 every year.

A. Our Firm's Mission Critical Systems

1. Order Taking

Currently, our firm receives orders from customers via telephone or in person visits by the customer. During an SBD, 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 Web site: www.shieldsandco.com and telephone communication.

2. Order Entry

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

3. Order Execution

We currently execute orders by using the Smart Station System, Lek Sec. (ROX), NYSE floor. In the event of an internal SBD, we would call the NYSE floor (Ted Nelson). In the event of an external SBD, we would contact Lek Sec. (ROX) or NYSE floor (Ted Nelson). Floor can also receive and execute orders directly from institutional customers.

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 allocations, and the maintenance of customer accounts, delivery of funds and securities, and access to customer accounts.

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

A. Customers

We now communicate with our customers using the telephone and U.S. mail, and in person visits at our firm or at the other's locations. 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 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 by 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 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 an SBD. The call tree includes all staff home and cell 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:

Ralph J. Scarpa
Christopher F. Meyer
Julie G. Vicinanza

C. Regulators

We are currently members of the following SROs: NASD, NYSE. We communicate with our regulators using the telephone, e-mail, U.S. mail, 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.

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 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. We have entered into a supplemental contract with certain critical business constituents to provide such services. The alternative suppliers are disclosed below. Our major suppliers are: First Clearing, LLC, 877-496-3223; Optel, 631-348-7200; Tag Audit, 631-912-2491, Dell Computer, 800-757-8434, Smarsh, 971-244-8187.

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 SBD. The bank maintaining our operating account is: JPMorgan Chase Bank, 277 Park Avenue, 14th Floor, New York, NY 10172, 212-622-5383, Kevin Murphy.

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 SBD. 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.

XII. Regulatory Reporting

Our firm is subject to regulations by: SEC, NASD, NYSE and CBOE. 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, 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.

XIII. Disclose of Business Continuity Plan

We provide in writing BCP disclosure statement to customers at account opening via First Clearing, annually. We also mail it to customers upon request. Our disclosure statement is attached.

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

XV. Senior Manager Approval

I have approved this Business Continuity Plan as reasonably designed to tenable our firm to meet its obligations to customers in the event of an SBD.

Signed: _____

Title: _____

Date: _____