



140 BROADWAY NEW YORK, NY 10005

DISASTER RECOVERY PROCEDURES

In the event that the firm's facilities become inaccessible or uninhabitable for any period of time, Shields & Co and its affiliates have created a redundancy for all critical functions, as well as establishing offsite physical locations for each of its offices including the main office. These back up systems address physical space for employees, communications, and market data, as well as critical back office functions. Key personnel for the implementation of these procedures have also been identified as follows.

Shields & Co: David Shields

CMA: Ralph Scarpa

These individuals will be responsible for coordinating the recovery effort and will inform employees as to the situation and where to report for work. These individuals will also be responsible for informing the various regulatory bodies of the situation

Technology: An alternate server location has been established in the firm's Locust Valley office. This site will serve as the firm's main hub of networking capability should for any reason equipment in New York become incapacitated or inaccessible. All critical functions such as access to back office systems, P&S functions, as well as order entry and market data will be routed through this site allowing the firm to maintain an orderly continuation of business. The firm also backs up all computer files on a tape which is physically removed from the main office each night to ensure that all files and work can be recreated in the event networking equipment is destroyed or inaccessible.

Phone Systems: Shields & Co and its affiliates have established with its telecommunications carrier, Paetec Communications, a system that will route all phone calls to an alternate site simply by notifying the carrier of an existing problem. This function is available for all branches should service become disrupted or locations become inaccessible.

Physical Location: An alternate physical site has been identified for each office should space become inaccessible. These alternate sites will be equipped with additional phone and telecommunication ports. The main office in New York will utilize space available in its Locust Valley branch. The Sarasota offices will utilize home office connections to the main office in New York for its back up. The smaller one-man offices have also established home sites as back up offices or can utilize the New York office for information and systems.

Clearing Firm: Shields & Co has also coordinated with its clearing firm, First Clearing Corp., to assist and provide critical and other services in the event of a disruption. This includes an alternative delivery of back office information and other ILX services, as well as a manual delivery of information otherwise received through computer systems.