

# Westport Resources Investment Services, Inc. Business Continuity Plan (BCP)

Public Revision  
11/20/08

## Emergency Contact Persons

Name	Phone Numbers	Role
John Adams Vaccaro <i>Chief Executive Officer</i>	Office: 203-226-0222	<ul style="list-style-type: none"><li>• Approves, signs-off plan</li><li>• Conducts annual review</li><li>• Invokes BCP</li></ul>
Gina Giannone <i>Chief Compliance Officer</i>	Office: 203-226-0222	<ul style="list-style-type: none"><li>• Executes &amp; Implements BCP</li><li>• Assists with conducting annual review</li><li>• Tests, &amp; Updates Non-IT BCP</li><li>• Back-up BCP Invoker</li></ul>
Todd Latham <i>Chief Technology Officer</i>	Office: 203-226-0222	<ul style="list-style-type: none"><li>• Implements, Tests, &amp; Updates (as needed) IT components of BCP</li></ul>

## I. Introduction

This document is the firm's Business Continuity Plan (BCP). It describes our policy, and the actions to be taken should a situation arise affecting our ability to work in our Post Road facility. It contains important information which all employees and independent registered persons should be familiar with at all times.

John Adams Vaccaro is the firm's Chief Executive Officer and Branch Manager of the Westport and Guilford offices, as well as General Securities Principal, Registered Options Principal and Municipal Securities Principal. John Adams Vaccaro is also the backup Chief Financial Officer ( Timothy A. Looney joined the firm in October 2008 as the Chief Financial Officer). Gina Giannone is Chief Compliance Officer and General Securities Principal in addition to being the backup Registered Options Principal. All three individuals are Series 24 registered.

All names in this BCP will be updated by Gina Giannone in the event of a material change and our Executive Representative, currently John Adams Vaccaro, will review and sign-off on this BCP within 17 business days of the end of each quarter. In turn, Gina Giannone will update, as necessary, the FINRA Contact List, and any other regulatory contact lists as required.

*Rule: NASD Rule 3520.*

## II. Firm Policy

Our firm's policy is to respond to a Significant Business Disruption (SBD) with the prime objectives of:

1. Safeguarding the lives of employees, contractors, clients, and others on our premises,
2. Protecting clients' financial positions and transactions from unnecessary risk,
3. Protecting client information and firm property including our books & records,
4. Resuming normal business as quickly as possible, and
5. Providing alternate methods to conduct business.

In the event that we determine we are unable to continue our business, we will assure customers will be able to communicate with us and will have 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, 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.

### B. Approval and Execution Authority

John Adams Vaccaro is responsible for approving the plan, for ensuring any annual or periodic reviews are conducted as required, and for invoking the plan when needed. Gina Giannone, will have the authority to execute and implement this BCP and is backup invoker should Mr. Vaccaro not be available.

### C. Plan Location and Access

Our firm will maintain copies of its current BCP plan, annual reviews, and testing, and the changes that have been made to the plan for inspection. An electronic copy of our plan is located on Westport Resources web site [www.westportresources.com](http://www.westportresources.com) under Professional Workstation Legal Information and BCP for employees to access (internal version, all pages). All employees with critical roles in recovery have copies of the plan at home.

### D. Regulatory Requirements

A copy of this BCP is made available to the Boston office of FINRA to fulfill Regulatory Requirements. A public version of our plan is available for clients and other external parties (containing pages 1 through 10 of this report with any necessary privacy revision). It is housed on our website [www.westportresources.com](http://www.westportresources.com) under Legal Information and BCP.

### III. Business Description

Our firm conducts business as a full service broker in a variety of products including equity, fixed income securities such as corporate and municipal bonds, mutual fund securities, variable annuities, 529 and retirement plans, as well as options trading. Our firm is an introducing firm and does not perform clearing functions for itself or others. We do not hold any customer funds or securities. All brokerage accounts are held at our clearing firm. Any incoming funds or securities must be deposited promptly. We accept and enter orders for customers. All transactions are executed through our clearing firm, with the exception of bonds which may be done away but cleared through our clearing firm. All transactions are sent to our clearing firm, which compares them, allocates them, clears and settles them. Our clearing firm also maintains our customers' accounts, can grant customers access to them, and can deliver funds and securities. Our firm services retail customers and institutional customers. We do some trading on a principal basis, but the majority is done on an agency basis.

Our clearing firm is National Financial Services LLC (NFS), a Fidelity Investments Company, member NYSE/SIPC. NFS is located at 82 Devonshire Street Z2P, Boston, MA 02109, the phone number is [1-800-877-2410](tel:1-800-877-2410). Key contacts for our firm are listed below. NFS maintains an extensive Business Continuity Plan of their own.

Contact
<a href="#">Steven Monayer</a>
<a href="#">Scott Francolini</a>

### IV. Office Locations

Our Firm has its main office located at 315 Post Road West in Westport CT 06880. All employees utilize private automobiles or public transportation to reach the facility. The office is equipped with battery power to provide power for infrastructure for a two hour period. Generator power provides power for up to 75 percent of the office for a period of 1 day without need for refill of fuel, assuming the tank is kept at full capacity. This includes computers and other business critical machinery. Our normal lighting system, as well as the building's emergency lights, is not supported by the generator. All tasks performed at this location include client business, order entry, cashing and other operational and administrative functions.

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

#### A. Short Term

In the event of a short term SBD, we will move our staff from our Main Office to the closest of our unaffected locations, 17 Laurel Lake East, Weston, CT 06883. This is the residence of John Adams Vaccaro. Its main telephone number is [888-824-7644](tel:888-824-7644). This facility is equipped with emergency backup generator power, and is on a separate power grid than our main office building.

### B. Long Term

An Agility Recovery Declaration will be made. This will allow the firm to relocate to a trailer office located in the parking lot of 315 Post Road West, Westport, CT 06880.

*Rule: NASD Rule 3510(c) (6).*

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

As mentioned in Section III above, our firm does not maintain custody of customers' funds or securities as these are maintained at our clearing firm, NFS. In the event of an internal or external SBD, if telephone service is available, our registered persons will take customer orders or instructions by phone and will contact our clearing firm directly on their behalf. If our Web access is available, our firm will post a notice on our website that customers may access their funds and securities by contacting NFS directly at [1-800-877-2410](tel:1-800-877-2410). Customers will have prompt access to their funds and securities at all times.

If SIPC determines for any reason that we are unable to meet our obligations to our customers or if our liabilities exceed our assets and are 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 access to our books and records identifying customer accounts subject to SIPC regulation.

*Rules: NASD Rule 3510(a); Securities Exchange Act Rule 15c3-1; 15 U.S.C. 78eee (2003).*

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

Our firm maintains its primary hardcopy books and records and its electronic records at its Main Office at 315 Post Road West, Westport, CT 06880 or at a secure site easily accessible as per regulatory requirements. John Adams Vaccaro, who holds the aforementioned designations, is responsible for the maintenance of these books and records. Our firm maintains the following customer document types and forms that are not transmitted to our clearing firm: New Account forms for non-qualified plans and related documents. Firm financial records, copies of FOCUS filings, records of review of business, order tickets, and other documents as required by securities rules and regulations. Our firm maintains its electronic back-up records on an on-site backup server and an external server. Records are backed up on a daily basis Todd Latham, Chief Technology Officer, is responsible for the maintenance of these back-up records.

In the event of an internal or external SBD that causes the loss of paper records, we will attempt to physically recover the information from our main back-up site. For the loss of electronic records, we will either physically recover the storage media, or electronically recover data from our back-up site. If our primary site is inoperable, we will attempt to continue operations from our back-up site or an alternate location.

*Rule: NASD Rule 3510(c) (1)*

## VIII. 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, if possible, our web site and a message on our Main Office telephone voice mail. In addition, we will retrieve our activity records as described in section VII, Data Back-Up and Recovery (Hard Copy and Electronic).

*Rules: NASD Rules 3510(c) (3), & (f) (2).*

### 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, in addition to regulators as required. 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.

*Rules: NASD Rules 3510(c) (3), (c) (8) & (2).*

## IX. Mission Critical Systems

Our firm's "mission critical systems" are those that ensure prompt and accurate processing of securities transactions, including order taking, order entry, execution as agent or principal, the maintenance of customer accounts, access to customer accounts, the delivery of funds and securities as agent, and the access of market data. These mission critical systems are all systems provided by and maintained by or through our clearing firm, NFS.

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. Our clearing firm provides, through contract, the execution, 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 contract provides that our clearing firm will maintain a Business Continuity Plan and will have the capacity to execute that plan. Our clearing firm represents that it will advise us of any material changes to its plan that might affect our ability to maintain our business (and has presented us with an executive summary of its plan, which is attached). In the event our clearing firm executes its plan, it represents

that it will notify us of such execution and will provide us equal access to services as its other customers.

Our clearing firm represents that it backs up our electronic 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 at least twice a year.

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, the scope of disruption, and the status of critical infrastructure (particularly telecommunications) can affect actual recovery times. Recovery refers to the restoration of clearing and settlement activities after a wide-scale disruption; resumption refers to the capacity to accept and process new transactions and payments after a wide-scale disruption. Our clearing firm has the following SBD recovery time and resumption objectives: recovery time period of within one hour; and resumption time of within five hours.

#### A. Our Firm's Mission Critical Systems

##### 1. Order Taking

Currently, our firm receives orders from customers who contact our registered representatives via telephone or in person visits by the customer. During an SBD, either internal or external, our registered representatives will continue to take orders through any of these methods that are available and reliable. In addition, as communications permit, we will inform our registered representatives when communications become available to tell them what alternatives they have to send their orders to us. Customers will be informed by their registered representatives of alternatives by telephone or by a posting on our web site. If necessary, we will advise our customers to place orders directly with our clearing firm at [800-422-4140](tel:800-422-4140) (listed equity orders), [800-225-2466](tel:800-225-2466) (OTC orders), and [800-854-1977](tel:800-854-1977) (fixed income).

##### 2. Order Entry

Currently, our firm enters orders by recording them on paper order tickets and sending them to our clearing firm electronically or telephonically. Our clearing firm has informed us that it has in place sufficient capacity so that we will be able to place orders with them telephonically or by such other means as they may communicate to us.

In the event of an internal SBD, we will enter and send records to our clearing firm by the fastest alternative means available, which include telephone, fax, or email. 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, in the case of an internal SBD,

our Clearing Firm has informed us that our customers can contact the Clearing Firm directly for order entry.

### 3. Order Execution

We currently execute orders by transmitting them electronically to our clearing firm or by transmitting them by telephone. In the event of either an internal SBD or an external SBD, we would enter orders as described in section IX A. 2 above.

### 4. Other Services Currently Provided to Customers

In addition to those services listed above in this section we also provide customers access to funds and securities. In the event of either an internal or external SBD, we would either take instructions from our clients and call our clearing firm on their behalf or advise them to contact our clearing broker directly.

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

*Rules: NASD Rules 3510(c) & (J (1)).*

## **X. Alternate Communications Between the Firm and Others; Critical Party Impacts**

### A. Alternate Communications Between the Firm and its Customers

We now communicate with our customers using the telephone, e-mail, our Web site, fax, U.S. mail, and in person visits at our firm or at their location. 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. For example, if we have communicated with a party by email but the Internet is not available, we will call them on the telephone and follow up where a record is needed with paper copy in the U.S. mail.

### B. Alternate Communications Between the Firm and its Employees

We now communicate with our employees and registered representatives 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 HAS BEEN REDACTED AND IS AVAILABLE TO INTERNAL STAFF ONLY**

Caller Name	People The Caller Will Be Responsible to Call
Available to internal staff only	Available to internal staff only
Available to internal staff only	Available to internal staff only
Available to internal staff only	Available to internal staff only
Available to internal staff only	Available to internal staff only
Available to internal staff only	Available to internal staff only
Available to internal staff only	Available to internal staff only
Available to internal staff only	Available to internal staff only
Available to internal staff only	Available to internal staff only
Available to internal staff only	Available to internal staff only

**C. Alternate Communications Between the Firm and its Regulators**

We are currently members of the following SROs (Self Regulatory Organizations): FINRA MSRB. We communicate with our regulators using the telephone, e-mail, fax, U.S. mail, overnight 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.

*Rule: NASD Rule 3510(c) (9).*

**D. Critical Business Constituents, Banks, and Counterparty Impacts**

1. **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. Our major suppliers are:

Vendor	Affected Systems	Phone
AT&T / Hastings Group KIV	Long Distance Phone	Available to internal staff only
AT&T /total communications	Phone Service & Internet	Available to internal staff only
Bloomberg Service	Information System	Available to internal staff only
Fidelity/Reuters Quote Services	Quote Systems	Available to internal staff only
Fidelity VPN Charge	Clearing Broker	Available to internal staff only
Junxure-I	CRM Database	Available to internal staff only
McAfee	Virus Scan/Removal	Available to internal staff only

Minolta C450/C250 Copiers	PC Copiers	Available to internal staff only
National Financial Services LLC	Clearing Broker	Available to internal staff only
Hocon Gas	Gas Supplies	Available to internal staff only
Optimum Online	Backup internet & TV	Available to internal staff only
Performance Technologies	Portfolio Center	Available to internal staff only
Phoenix Security Systems	Alarm System	Available to internal staff only
John to go inc.	Sanitary Facilities	Available to internal staff only
Signal Systems Inc.	Time Stamp	Available to internal staff only
Gault Oil	Oil Supplies	Available to internal staff only
Telecontinuity	Phone System & Backup	Available to internal staff only
Veritas	Information Backup	Available to internal staff only
Eliant Technologies	Website Services	Available to internal staff only
Agility Recovery	Business Critical	Available to internal staff only

*Rules: NASD Rule 3510(c) (7).*

2. 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. If our banks and other lenders are unable to provide the financing, we will seek alternative financing immediately.

**SPECIFIC INFORMATION REGARDING THE BANKS MAINTAINING OUR OPERATING ACCOUNT AND OUR PAIB ACCOUNT AND BANKS WE WOULD SECURE ALTERNATIVE FINANCING IF NECESSARY DURING A SBD HAS BEEN REDACTED AND IS AVAILABLE TO INTERNAL STAFF ONLY.**

*Rules: NASD Rule 3510(c) (7).*

3. Counter-Parties: Our Clearing Broker has contacted its critical counter-parties, such as other broker-dealers, to determine if they 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 Broker or contact those counter-parties directly to make alternative arrangements to complete those transactions as soon as possible.

*Rules: NASD Rules 3510(a) & (c) (7)*

## **XII. Regulatory Reporting**

Our firm is subject to regulation by: FINRA, the SEC, the State of Connecticut and other states under which we operate, and the MSRB. 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, the MSRB, 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.

*Rule: NASD Rule 3510(c) (8).*

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

We disclose in writing a summary of our BCP to customers at account opening and at such other times as may be required by our regulators. We also post the summary on our Web site and mail it to customers upon request. Our summary addresses the possibility of a future SBD and how we plan to respond to events of varying scope. In addressing the events of varying scope, our summary (1) provides specific scenarios of varying severity (e.g., a firm-only business disruption, a disruption to a single building, a disruption to a business district, a city-wide business disruption, and a regional disruption); (2) states whether we plan to continue business during that scenario and, if so, our planned recovery time; and (3) provides general information on our intended response. Our summary discloses the existence of back-up facilities and arrangements.

### **XIV. Quarterly 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, on the anniversary of the implementation date, to modify it for any changes in our operations, structure, business, or location or those of our clearing firm.

*Rule: NASD Rule 3510(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: NASD Rule 3510(d).*

*Signed: SIGNATURE ON FILE  
Title: CHIEF EXECUTIVE OFFICER  
Date: 11/20/2008*