

# **Schlitt Investor Services, Inc.**

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

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

Schlitt Investor Services, Inc.'s two emergency contact persons are: Robert Schlitt Jr., President, 772-567-1188 x118 (office), 772-770-6256 (home), [bobjr@schlittservices.com](mailto:bobjr@schlittservices.com), and Jeffrey Schlitt, Vice-President, 772-567-1188 x161 (office), 772-569-6656, [jeff@schlittservices.com](mailto:jeff@schlittservices.com).

This information will be changed in the event of a material change, and our Executive Representative will review them within 17 business days of the end of each quarter.

### **II. Firm Policy**

*State your firm's objectives for business continuity in the face of both internal and external significant business disruptions (SBDs), including your firm's obligation to grant customers access to their funds and securities in the event of a significant business disruption. This policy should be given to all employees. State who has the authority to execute the plan, where the plan is stored, and how to access the plan.*

Schlitt Investor Services, Inc.'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.

#### **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 hurricane, 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.

#### **B. Approval and Execution Authority**

Robert Schlitt Jr., a registered principal, is responsible for approving the plan and for conducting the required annual review. Robert Schlitt Jr. has 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 the Windows "U" drive in the folder named "RII/work".

A hard copy is maintained with hard copies of our “Compliance Manual”.

### **III. Business Description**

Schlitt Investor Services, Inc. is a retail sales organization for mutual funds, variable annuities and “Section 529” college savings plans. Our sales are performed 100% by manual application. All transactions are mailed directly to the sponsoring fund or investment company.

We do not perform any type of clearing function for itself or others. Furthermore, we do not hold customer funds or securities.

### **IV. Office Locations**

Schlitt Investor Services, Inc. operates out of one location at 1717 Indian River Blvd., #300, Vero Beach, FL 32960. Our main telephone number is 772-567-1188.

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

In the event of an SBD, we will move our staff from the main office to the closest temporary location that we can move into – even if it is one of the homes of our principals or employees.

### **VI. Customers’ Access to Funds**

Our firm does not maintain custody of customers’ funds or securities, which are normally maintained through the sponsoring organization of the mutual fund, variable annuity or 529 plan. As such, our clients are able to access their funds at any time by directly contacting the sponsoring organization’s customer service staff for directions on accessing funds.

In the event that we and/or our clients suffer a SBD, we will share a list of telephone numbers with our answering services (CSR 24) so that our clients can directly access funds as needed.

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

Schlitt Investor Services, Inc. maintains its primary hard copy books and records and its electronic records at our office. Robert Schlitt Jr., President, 772-567-1188 x118 is responsible for the maintenance of these books and records. Our firm maintains forms such as new account forms and annuity suitability forms. These forms are not forwarded to any other organization. We maintain original hard copies and electronic copies of all these forms.

We back up our electronic records daily in a tape format and weekly copies are maintained in the safe deposit vault of Citrus Bank, N.A., 1717 Indian River Blvd., #300, Vero Beach, FL.

A daily download of basic customer information (name, phone number and address) as well as which mutual fund or variable annuity sponsor and account numbers our clients maintain is made and securely transferred to “CSR 24”. This data is normally provided to provide our clients 24 hour access to basic account information. It can also be used as a restorative back-up in an emergency.

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-ups.

In the event of an incoming tropical storm or hurricane, additional copies of our back-up tapes will be maintained by Robert Schlitt Jr. and Jeffrey Schlitt at the locations that they evacuate to.

Further, we pay a monthly fee to *Agility Recovery Solutions, Inc.* to maintain duplicate hardware for all functions in our office in the event of an internal or external SBD. Material will be delivered to our office location or an alternate location with 24 hours of our request.

6/15/07

## **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 the use of our secure telephone answering service (CSR 24). CSR 24 will have access to basic customer information (name, phone number and address) as well as which mutual fund or variable annuity sponsor and account numbers our clients maintain.

In addition, we will retrieve our key activity records as described in the section above, Data Back-Up and Recovery (Hard Copy and Electronic).

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

Since we don't maintain any investments (other than a bank money market fund), and we don't maintain customer funds or securities, it would be hard for us to imagine an SBD that could cause us to lose assets or certainly negatively affect our clients.

## **IX. Mission Critical Systems**

Since Schlitt Investor Services, Inc.'s business is limited to the retail sales of mutual funds, variable annuities and 529 plans by "application way" basis, our "mission critical systems" are pretty much limited to telephones. In the event of an SBD, we will utilize whatever telephone systems we can access, including, but, not limited to land lines and cellular communications.

Further, we pay a monthly fee to *Agility Recovery Solutions, Inc.* to maintain duplicate hardware for all functions in our office in the event of an internal or external SBD. Material will be delivered to our office location or an alternate location with 24 hours of our request.

6/15/07

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

### **A. 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 our client's 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 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 in the U.S. mail.

### **B. Employees**

We now communicate with our employees using the telephone 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 also maintain a record of all employees addresses, cell phones and emergency contact information on our company "intranet". This information is updated annually prior to the start of hurricane season & in the event of oncoming storms. At the time of oncoming storms, we also request all employees to notify us of their evacuation plans. Employees are requested to return to the office as soon as local authorities authorize same, or to contact management if they are unable to return promptly.

In the event an employee does not contact us, we will contact them.

## C. Regulators

As a member of the NASD, we communicate with our regulators using the telephone, e-mail, fax, 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

In the event of an SBD, we will contact our critical business constituents (such as AMS (client data software vendor), BellSouth (telephone and internet access carrier)), and determine 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

### B. Banks

We will contact our bank 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 and money market account is: Citrus Bank, N.A., 1717 Indian River Blvd., Vero -Beach. Their phone number is 772-778-4100, and our primary contact is Angel Brown, the branch manager.

If Citrus Bank is unable to assist us, we will seek alternative financing immediately.

## **XII. Regulatory Reporting**

Our firm is subject to regulation by the NASD and the SEC. 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. Disclosure of Business Continuity Plan**

We provide in writing a BCP disclosure statement to customers at account opening. We also mail it to customers upon request. Our disclosure statement is attached.

## **XIV. Updates and Annual Review**

We 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 annually, at the beginning of Hurricane Season (June 1<sup>st</sup>) to modify it for any changes in our operations, structure, business, or location.

**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.

Signed: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*Copy of Disclosure Statement Mailed to Clients upon opening an account.*

Dear <Salutation>:

As a member of the National Association of Securities Dealers, Schlitt Investor Services, Inc. is required to, and does maintain a “Business Continuity Plan” (BCP) in the event of a Significant Business Disruption (SBD), such as a fire, storm, flood or other natural or man made disaster that affects our ability to maintain our physical office at 1717 Indian River Blvd., Vero Beach, FL.

It is our intention that in the event of a SBD, we will attempt to reopen our business and access our records at the earliest possible time. We will do as much as we can to make sure that we will be able to assist you in accessing your funds as soon as possible. However, in the unlikely event that we are not able to reopen immediately, you can always access your funds by contacting the mutual fund or variable annuity company that your investments are placed with.

Please be assured that we are always working on better systems to provide you with the best service that we can, regardless of the situation with our physical plant.

If you ever have any questions about our BCP and our plans to react to potential SBD's, please feel free to contact me directly.

Sincerely,  
*SCHLITT INVESTOR SERVICES, INC.*

Robert Schlitt Jr.  
President  
Extension 118

## **Annual Review of BCP**

I have reviewed the “Business Continuity Plan” as we are headed into Hurricane Season for this year.

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Signed

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Title

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Date