

BUSINESS CONTINUITY PLAN

Vanguard Capitals Business Continuity Disclosure Summary Statement

Vanguard Capital is providing you with this document to inform you of our ability to respond to certain business disruptions at your Registered Representative's office or at the main office of Vanguard Capital. Vanguard's policy is to respond to a Significant Business Disruption by safeguarding all of the firm's book and records and allowing you, our customers, to transact business without disruption.

Vanguard Capital maintains a business continuity plan and intends to continue business in the event of a significant business disruption. Vanguard Capital anticipated two kinds of significant business disruptions, internal and external. In the event of significant internal disruptions at either the local or main office, Vanguard may route calls to an office location in a separate geographic location and if necessary transfer operations to a facility maintained by a third party vendor. External significant business disruptions such as a terrorist attack, a national weather disaster or a regional communication disruption may prevent the operation of the securities markets or a number of firms. Vanguard Capital is a fully disclosed broker dealer and does not maintain custody of customer's funds or securities. In response to an external business disruption, Vanguard will rely heavily upon its correspondent-clearing firm, Pershing LLC.

In the event of either internal or external business disruptions Vanguard will immediately identify what means will permit us to communicate with our clients. Some events may render Vanguard Capital or our registered representative unable to continue business. Under such circumstances, Vanguard will insure that clients will be able to access their funds and securities within a reasonable time.

To provide clients with up to date information during a significant business disruption whether affecting our registered representative's local office or the main office of Vanguard Capital, clients may call Vanguard's emergency phone number at (858) 455-5070 or visit our emergency Web page at www.vanguardcapital.com. Vanguard will post updated disclosure statements on its Web site. You may also request from your registered representative that the firm, Vanguard, mail you a copy of the updated disclosure statement. If you cannot access Vanguard through either of the above means, and you have a brokerage account carried by Pershing LLC, you should contact Pershing via its website <http://www.pershing.com/customer support.htm> or via telephone at 201-413-3635 for instructions on how it may provide prompt access to your funds and securities including accepting buy and sell orders. If your account is held at a mutual fund or insurance company, you should contact the company directly for access to your investments.

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