

Item 1 – Cover Page

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This brochure provides information about the qualifications and business practices of Paradigm Strategies in Wealth Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (763) 201-1025 and/or bstrand@planparadigm.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Paradigm Strategies in Wealth Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Paradigm Strategies in Wealth Management, LLC is 110372.

Any references to Paradigm Strategies in Wealth Management, LLC as a registered investment adviser or its related persons as registered advisory representatives does not imply a certain level of skill or training.

Item 2 - MATERIAL CHANGES

This is the initial disclosure brochure. Therefore, there are no material changes to disclose.

At least annually, this section will discuss only specific material changes that are made to the Brochure and provide you with a summary of such changes. Additionally, reference to the date of the last annual update to this Brochure will be provided.

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Item 4 - ADVISORY BUSINESS

Paradigm Strategies in Wealth Management, LLC (hereinafter referred to as “Paradigm Strategies”) is an investment advisory firm offering a variety of advisory services customized to your individual needs.

- A. Paradigm Strategies was established in 1995. Paradigm Strategies is wholly owned by William D. Strand III, Managing Member.
- B. Paradigm Strategies offers the following advisory services. Each of the services is more fully described below.
 - Asset Management Services
 - Financial Planning and Consulting Services
- C. Paradigm Strategies tailors the advisory services it offers to your individual needs. You may impose restrictions and/or limitations on the investing in certain securities or types of securities.

Paradigm Strategies will meet with you and conduct an interview and data gathering session to gain a comprehensive understanding of your financial situation. Additionally, you may be requested to complete a risk questionnaire. You should expect to attend at least three four meetings. The information gathered by Paradigm Strategies will assist Paradigm Strategies to provide you with the requested services and customize the services to your financial situation. Depending on the services you have requested, Paradigm Strategies will gather various financial information and history from you including, but not limited to:

- Retirement and financial goals
- Investment objectives
- Investment horizon
- Financial needs
- Cash flow analysis
- Cost of living needs
- Education needs
- Savings tendencies
- Other applicable financial information required by Paradigm Strategies in order to provide the investment advisory services requested.

Paradigm Strategies takes the following approach:

1. Discovery Meeting
2. Wealth Planning Meeting
3. Commitment Meeting
4. Orientation Meeting
5. Regular Progress Meeting

- D. Paradigm Strategies does not participate in any wrap fee programs.

- E. As of December 31, 2010, we have approximately \$81 million of client assets under our discretionary management and approximately \$1.2 million of non-discretionary client assets under management.

Asset Management Services

Paradigm provides fee based investment management consulting services utilizing a five step investment management process.

1. Analyze Current Portfolio
2. Design Optimal Portfolio
3. Formalize an Investment Policy Statement
4. Implement Investment Policy Statement
5. Monitor and Supervise Portfolio

Upon Paradigm Strategies completing its analysis of your situation, Paradigm Strategies will determine an asset allocation customized to your financial goals, objectives and risk tolerance. Paradigm Strategies will schedule a meeting with you and present the recommended portfolio allocation. Upon your approval, Paradigm Strategies will implement the portfolio allocation.

Paradigm Strategies provides continuous and ongoing management of your account. Unless otherwise expressly requested by you, Paradigm Strategies will manage the account on a discretionary basis and will make changes to the allocation as deemed appropriate by Paradigm Strategies. Paradigm Strategies will determine the securities to be purchased and sold in the account and will alter the securities holdings from time to time, without prior consultation with you. Paradigm Strategies may actively trade securities and hold such holdings for periods of 30 days or less or maintain positions for longer or shorter term periods. Discretionary authority will be granted by you to Paradigm Strategies by execution of the Asset Management agreement.

If you elect to have your accounts managed on a nondiscretionary basis, no changes will be made to the allocation of your account without prior consultation with you and your expressed agreement.

You are advised transactions in the account, account reallocations and rebalancing may trigger a taxable event, with the exception of IRA accounts, 403(b) accounts and other qualified retirement accounts.

Financial Planning and Consulting Services

Paradigm Strategies will schedule a meeting with you and present the analysis of your situation and recommendations for steps to be taken to assist you to work toward financial goals.

Plans are based on your financial situation at the time and are based on financial information disclosed by you to Paradigm Strategies. You are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. However, past performance is in no way an indication of future performance. Paradigm Strategies cannot offer any guarantees or promises that your financial goals and objectives will be met. Further, you must continue to review the plan and update the plan based upon changes in your financial situation, goals, or objectives or changes in the economy. Should your financial situation or

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investment goals or objectives change, you must notify Paradigm Strategies promptly of the changes. You are advised that the advice offered by Paradigm Strategies may be limited and is not meant to be comprehensive. Therefore, you may need to seek the services of other professionals such as an insurance adviser, attorney and/or accountant.

You are not obligated to implement advice through Paradigm Strategies.

General Information

You are advised the investment recommendations and advice offered by Paradigm Strategies are not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant. You are advised that it is necessary to inform Paradigm Strategies promptly with respect to any changes in your financial situation and investment goals and objectives. Failure to notify Paradigm Strategies of any such changes could result in investment recommendations not meeting your needs.

Item 5 - FEES AND COMPENSATION

Asset Management Services

- A. Fees are not negotiable and are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds.

You may make additions to the account or withdrawals from the account, provided the Account continues to meet minimum account size requirements. Minimum account size requirements are disclosed under Item 7 below. No fee adjustments will be made for partial withdrawals from the account or additional deposits added to the account. No fee adjustments will be made for account appreciation or depreciation.

Account Size	Maximum Annual Fee
Up to \$2,000,000	1.40%
\$2,000,001 to \$3,000,000	1.25%
\$3,000,001 to \$5,000,000	1.00%
\$5,000,001 to \$10,000,000	0.65%
\$10,000,001 and above	0.50%

Paradigm Strategies aggregates or households all of your managed accounts together to determine your quarterly fee.

Paradigm Strategies may change the above fee schedule upon 30-days prior written notice to you.

- B. Advisory fees will generally be collected directly from your account, provided you have given Paradigm Strategies written authorization. Paradigm Strategies will provide you with a fee invoice that identifies the advisory fee and the value of the account on which the fee was calculated. Additionally, you will be provided with an account statement reflecting the

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deduction of the advisory fee direct from the account custodian. If the Account does not contain sufficient funds to pay advisory fees, Paradigm Strategies has limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. You may reimburse the account for advisory fees paid to Paradigm Strategies, except for ERISA and IRA accounts.

- C. In addition to the advisory fees above, you will pay transaction fees for securities transactions executed in your account in accordance with the custodian's transaction fee schedule. Additionally, you may pay fees for custodial services, account maintenance fees, transaction fees, and other fees associated with maintaining the Account. Such fees are not charged by Paradigm Strategies and are charged by the product, broker/dealer or account custodian. Paradigm Strategies does not share in any portion of such fees. Additionally, you may pay your proportionate share of the fund's management and administrative fees and sales charges as well as the mutual fund adviser's fee of any mutual fund they purchase. Such advisory fees are not shared with Paradigm Strategies and are compensation to the fund-manager.
- D. Advisory fees will be charged in arrears on a calendar quarterly basis. The fee will be calculated based on the value of the account on the last business day of the calendar quarter.. Fees will be prorated for accounts established or closed during a calendar quarter.

Termination Provisions

You may terminate investment advisory services obtained from Paradigm Strategies, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with Paradigm Strategies. You will be responsible for any fees and charges incurred from third parties as a result of maintaining the Account such as transaction fees for any securities transactions executed and Account maintenance or custodial fees. Thereafter, you may terminate investment advisory services with 30-days written notice to Paradigm Strategies. Should you terminate investment advisory services during a calendar quarter, you will be charged a pro-rated advisory fee for the quarter up to the date of termination.

Financial Planning and Consulting Services

You are advised that fees for planning services are strictly for planning services. Therefore, you may pay fees and/or commissions for additional services obtained such as asset management or products purchased such as securities or insurance.

Fees are not negotiable. Paradigm Strategies will provide you a quote for the services based on several factors including but not limited to the number of areas you are requesting and/or requiring advice, complexity of your situation, number of meetings, number of professionals involved (i.e. attorney, accountant, other financial advisor, etc.) and time and staff resources required.

Fee Type	Maximum Fee	Payable
Fixed Fee	\$2,500	Payable one-half (1/2) upon execution of the advisory agreement with Paradigm Strategies and the balance due at the time of presentation of the plan, unless otherwise negotiated with you.

Termination Provisions

You may terminate advisory services obtained from Paradigm Strategies, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with Paradigm Strategies. Thereafter, you may terminate investment advisory services at any time up to presentation of the plan or analysis and receive a refund of any pre-paid fees.

Item 6 - PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT

This section is not applicable to Paradigm Strategies since Paradigm Strategies does not charge performance based fees.

Item 7 - TYPES OF CLIENTS

Paradigm Strategies' services are geared toward individuals both high net worth (i.e. clients with a net worth of \$1,500,000) and other than high net worth individuals and charitable organizations.

Paradigm Strategies generally requires a minimum amount of assets be deposited to an account for the purpose of obtaining asset management services. Paradigm Strategies will generally require you to deposit a minimum of \$1,000,000 (cash or securities). However, under certain circumstances, Paradigm Strategies may waive the minimum account size requirement and accept accounts less than \$1,000,000. Such circumstances may include but not be limited to additional assets will soon be deposited or you have other accounts under management with Paradigm Strategies. You are advised performance may suffer due to difficulties with diversifying smaller accounts and due to risk controls potentially being compromised. Performance of smaller accounts may vary from the performance of accounts with more dollars invested due to fluctuations in the market may affect smaller accounts more and the effects of compounding may be greater in larger accounts.

Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Paradigm Strategies uses a combination of both active and passive management styles. The basic tenants under which Paradigm Strategies manages portfolios is as follows:

- a) Modern Portfolio Theory, as recognized by the 1990 Nobel Prize, will be the philosophical foundation for how the portfolio will be structured and how subsequent decisions will be made. The underlying concepts of Modern Portfolio Theory include:

Investors are risk averse. The only acceptable risk is that which is adequately compensated by potential portfolio return

- b) Investing globally helps to minimize overall portfolio risk due to the imperfect correlation between economies of the world. Investing globally has also been shown historically to enhance portfolio returns, although there is no guarantee that it will do so in the future.
- c) Equities offer the potential for higher long-term investment returns than cash or fixed income investments. Equities are also more volatile in their performance. Investors

seeking higher rates of return must increase the proportion of equities in their portfolio, while at the same time accepting greater variation of results (including occasional declines in value).

To assist Paradigm Strategies to provide investment management and consulting services Paradigm Strategies has entered into a relationship with Asset Strategy Consultants, Inc., of Baltimore, Maryland (ASC). Through ASC, Paradigm Strategies has access to information provided by Callan Associates, Inc. Callan Associates, Inc. is an investment consulting firm. Callan Associates, Inc. specializes in asset allocation technology, performance measurement and investment manager evaluation. The Independent Advisor Group (“IAG”) is a division of Callan Associates, Inc. and was formed to provide independent investment advisers with institutional priced portfolio planning services. Through ASC, Paradigm Strategies gains access to key institutional caliber support services that historically have been available to large (\$250 million and above) portfolios. IAG helps secure products and services generally only available to the institutional market and through ASC, makes the products and services available for Paradigm Strategies to offer to its clients. The products and services are bundled with professional consulting services and educational programs in order to provide fully integrated investment planning consulting services. These support services include the following:

Asset Simulation Software — used in the development of the client strategic investment policy. The software takes into account the client’s risk tolerances, asset class preferences, investment time horizon and return expectations.

Separate Account Management Program — gives Paradigm Strategies the ability to offer to clients the services of nationally recognized money managers. Callan continually screens its data base of over 4,600 managers to identify those appropriate for the program. A matrix of managers representing major asset classes and styles may be selected by the client in consultation with Paradigm Strategies. Managers in the matrix are available at a lower account size minimum and fees. Callan will continually monitor managers in the matrix to ensure that the manager adheres to state investment policies and strategies and meets Callan’s high standard of quality service. Callan does not offer investment management services, manage the manager or offer commingled funds. The managers in the IAG matrix do not have contractual arrangements with Callan.

Mutual Fund Matrix - enables Paradigm Strategies to assist in designing diversified portfolios for (1) clients with smaller accounts; (2) those who desire passive investment strategies employing index funds; and/or (3) those who want diversification into asset classes where separate account management is cost prohibitive, e.g. international or global.

Performance Attribution Reports — enables Paradigm Strategies to offer clients the same level of performance evaluation reporting provided to Callan’s institutional clients. The reports detail the results of the client’s composite portfolio, as well as the results of each money manager and mutual fund used by the client. Performance is compared against comparable portfolios and money managers of similar style and strategy.

Capital Markets and Topical Research Reports — keeps both Paradigm Strategies and the client well informed.

Additionally, Paradigm Strategies employs the use of financial programs and software to assist in analyzing your situation.

- B. You are advised investing in securities involves risk of loss, including the potential loss of principal. Therefore, your participation in any of the management programs offered by Paradigm Strategies will require you to be prepared to bear the risk of loss and fluctuating performance.

Paradigm Strategies does not represent, warrant or imply that the services or methods of analysis used by Paradigm Strategies can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that your goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by Paradigm Strategies will provide a better return than other investment strategies.

- C. Paradigm Strategies uses a variety of securities types depending on the suitability and risk tolerance of the client. The risks with mutual funds include the costs and expenses within the fund that can impact performance, change of managers, and fund straying from its objective. Open ended mutual funds do not typically have a liquidity issue and the price does not fluctuate throughout the trading day. Mutual fund fees are described in the fund's prospectus, which the custodian mails directly to the client following any purchase of a mutual fund that is new to the client's account. In addition, a prospectus is available online at each mutual fund company's Web site. At the client's request at any time Paradigm Strategies will direct the client to the appropriate Web page to access the prospectus.

ETFs trade on an auctionable market. Therefore, there is more price fluctuation with ETFs than with mutual funds since ETFs trade throughout the day, whereas mutual funds are priced once a day. Also, since most ETFs only mirror a market index, such as the S&P 500, they won't outperform the index. The risks with stocks and bonds are that their prices fluctuate throughout the day. Stocks can drop in value and become worthless. The risks with bonds are interest rate, inflation and credit risk. Credit risk is the risk that the bond issuer will be unable to make its payments on time or at all, effectively defaulting on the bonds.

The risks with stocks and bonds are that their prices fluctuate throughout the day. Stocks can drop in value and become worthless. The risks with stocks are market risk and company specific risk. The price of a stock can decline due to company-specific reasons as well as the health of the overall stock market. Even dividends, which many beginning investors believe are guaranteed payments by the company, can decline or be totally eliminated.

Item 9 - DISCIPLINARY INFORMATION

There is no reportable disciplinary information required for Paradigm Strategies or its management persons that is material to your evaluation of Paradigm Strategies, its business or its management persons.

Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Financial Strategies, Inc. is an insurance agency licensed with the state of Minnesota and is 100% owned by William O. Strand III. William O. Strand III, Anita M. Kalafut, and Kristina M. Bentzen are licensed insurance agents with the state of Minnesota and are licensed under Financial Strategies, Inc. Financial Strategies, Inc may receive commission compensation from the sale of fixed insurance products or annuities or long-term care products sold to clients of Paradigm Strategies by William O. Strand III, Anita M. Kalafut, or Kristina M. Bentzen.

Paradigm Strategies in Wealth Management, LLC., is an insurance agency licensed with the state of Minnesota and is 100% owned by William O. Strand III. William O. Strand III, Anita M. Kalafut, and Kristina M. Bentzen are licensed insurance agents with the state of Minnesota and are licensed under Paradigm Strategies. Paradigm Strategies may receive commission or compensation from the sale of fixed insurance products or annuities, or long-term care products sold to clients of Paradigm Strategies by William O. Strand III, Anita M. Kalafut, or Kristina M. Bentzen.

Paradigm Strategies attempts to mitigate the conflicts of interest with the potential receipt of commissions if insurance recommendations are implemented by providing you with these disclosures. Further, you are encouraged to consult other insurance professionals. You may implement insurance recommendations through other insurance professionals.

Paradigm Strategies is not and does not have a related person who is a: futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities. Further, Paradigm Strategies is not and does not have a related person who is: broker/dealer or other similar type of broker or dealer; investment company or other pooled investment vehicle, other investment adviser or financial planner; futures commission merchant or commodity pool operator; banking or thrift institution; accountant or accounting firm; lawyer or law firm; pension consultant; real estate broker or dealer; or sponsor or syndicator of a limited partnership.

Item 11 - CODE OF ETHICS, PARTICIPATION OF INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code Of Ethics

- A. Paradigm Strategies has a fiduciary duty to you to act in your best interest and always place your interests first and foremost. Paradigm Strategies takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as Paradigm Strategies' policies and procedures. Further, Paradigm Strategies strives to handle your non-public information in such a way to protect information from falling into hands that have no business reason to know such information and provides you with Paradigm Strategies'

Privacy Policy. As such, Paradigm Strategies maintains a code of ethics for its Advisory Representatives, supervised persons and staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about your transactions. Further, Paradigm Strategies' Code of Ethics establishes Paradigm Strategies' expectation for business conduct. A copy of our Code of Ethics will be provided to you upon request.

- B. Neither Paradigm Strategies nor its associated persons recommends to clients or buys or sells for client accounts any securities in which we have a material financial interest.
- C. Paradigm Strategies and its associated persons may buy or sell securities identical to those securities recommended to you. Therefore, Paradigm Strategies and/or its associated persons may have an interest or position in certain securities that are also recommended and bought or sold to you. Paradigm Strategies and its associated persons will not put their interests before your interest. Paradigm Strategies and its associated persons may not trade ahead of you or trade in such a way to obtain a better price for themselves than for you or other clients.
- D. Paradigm Strategies is required to maintain a list of all securities holdings for its associated persons and develop procedures to supervise the trading activities of associated persons who have knowledge of your transactions and their related family accounts at least quarterly. Further, associated persons are prohibited from trading on non-public information or sharing such information.

Prohibition on Use of Insider Information

Paradigm Strategies has adopted policies and procedures to prevent the misuse of "insider" information (i.e. material n, non-public information). A copy of such policies and procedures is available to any person upon request.

Item 12 - BROKERAGE PRACTICES

Paradigm Strategies has entered into a relationship with the Schwab Institutional, a division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker/dealer, Member NYSE and SIPC to permit clients to custody their assets and to enable Paradigm to trade client's account.

In initially selecting Schwab, Paradigm Strategies conducted due diligence. Paradigm Strategies' evaluation and criteria includes:

- Ability to service you
- Staying power as a company
- Industry reputation
- Ability to report to you and to Paradigm Strategies
- Availability of an efficient trading platform
- Products and services available
- Technology resources

Paradigm Strategies in Wealth Management, LLC

- Educational resources
- Execution capability
- Financial responsibility and viability
- Confidentiality and security of your information
- Responsiveness
- Other factors that may bear on the overall evaluation of best price and execution

Additionally, periodically Paradigm Strategies will review transaction costs in light of current market circumstances, available published statistical analysis as well as other relevant information.

Best execution does not simply mean the lowest transaction cost. Therefore, no single criteria will validate nor invalidate a custodian, but rather, all criteria taken together will be used in evaluating the currently utilized custodian.

You are advised there is an incentive for Paradigm Strategies and the Advisory Representatives to recommend a broker/dealer over another based on the products and services that will be received rather than your best interest.

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab's commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "*How We Select Brokers/Custodians*").

Products and Services Available to Us From Schwab

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab's support services:

Services That Benefit You.

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services That May Not Directly Benefit You.

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

Services That Generally Benefit Only Us.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "*How We Select Brokers/Custodians*") and not Schwab's services that benefit only us. We have

\$50 million in client assets under management, and we do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

Due to the individual management of client accounts, we do not aggregate the purchase or sale of securities for various client accounts.

Item 13 - REVIEW OF ACCOUNTS

- A. If you are participating in the Asset Management Services you will be invited to participate in at least an annual review. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Your Advisory Representative will monitor for changes or shifts in the economy, changes to the management and structure of a mutual fund or company in which your assets are invested, and market shifts and corrections.

If you are participating in Financial Planning and Consulting Services you will not receive regular reviews. Paradigm Strategies recommends you have at least an annual review and update to any plans. However, the time and frequency of the reviews is solely your decision. Other than the initial plan or analysis, there will be no other reports issued.

The following individuals conduct reviews:

William O. Strand, III, Chief Compliance Officer
Anita Kalafut, Advisory Representative
Kristina Bentzen, Advisory Representative

- B. You are advised that you must notify your Advisory Representative promptly of any changes to your financial goals, objectives or financial situation as such changes may require him review the portfolio allocation and make recommendations for changes.
- C. You will be provided statements at least quarterly direct from the account custodian. Additionally, you will receive confirmations of all transactions occurring direct from the account custodian.

Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION

- A. Paradigm Strategies does not receive an economic benefit from someone who is not a client for providing investment advice or other advisory services to you. Economic benefit includes sales awards or other prizes.
- B. Paradigm Strategies may enter into arrangements with individuals ("Solicitor") whereby the Solicitor will refer clients who may be a candidate for investment advisory services to Paradigm Strategies. In return, Paradigm Strategies will agree to compensate the Solicitor for the referral. Compensation to the Solicitor is dependent on the client entering into an advisory agreement with Paradigm Strategies for advisory services. Compensation to solicitor will be an agreed upon percentage of Paradigm Strategies' advisory fee. Paradigm Strategies' referral

program is in compliance with the federal regulations as set out in 17 CFR Section 275.206(4)-3. The solicitation/referral fee is paid pursuant to a written agreement retained by both the investment adviser and the solicitor. The Solicitor will be required to provide the client with a copy of Paradigm Strategies' Disclosure Brochure and a Solicitor Disclosure brochure prior to or at the time of entering into any investment advisory contract with Paradigm Strategies. Solicitor is not permitted to offer clients any investment advice on behalf of Paradigm Strategies. Clients' advisory fee will not be increased as a result of compensation being shared with Solicitor.

Item 15 - CUSTODY

With the exception of deduction of Paradigm Strategies' advisory fees from your accounts, Paradigm Strategies does not take custody of your funds or securities.

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct your account custodian to deduct our advisory fees directly from your account or if you grant us authority to move your money to another person's account. Your account custodian maintains actual custody of your assets. You will receive account statements directly from your account custodian at least quarterly. They will be sent to the email or postal mailing address you provided. You should carefully review those statements promptly when you receive them.

Item 16 - INVESTMENT DISCRETION

You may grant Paradigm Strategies authorization to manage your account on a discretionary basis. Discretionary authority will give Paradigm Strategies the authority to buy, sell, exchange, convert securities in your managed accounts. You will grant such authority to Paradigm Strategies by execution of the advisory agreement. You may terminate discretionary authorization at any time upon receipt of written notice by Paradigm Strategies.

Additionally, you are advised that:

- 1) You may set parameters with respect to when account should be rebalanced and set trading restrictions or limitations;
- 2) Your written consent is required to establish any mutual fund, variable annuity, or brokerage account;
- 3) Paradigm Strategies requires the use of the broker/dealer with which your Advisory Representative is registered for sales in commissionable mutual funds or variable annuities, if you elect to implement recommendations through your Advisory Representative;
- 4) With the exception of deduction of Paradigm Strategies' advisory fees from the account, if you have authorized automatic deductions, Paradigm Strategies will not have the ability to withdraw your funds or securities from the account.

Item 17 - VOTING CLIENT SECURITIES

Paradigm Strategies does not vote your securities. Unless you suppress proxies, securities proxies will be sent directly to you by the account custodian or transfer agent. You may contact Paradigm Strategies about questions you may have or opinions on how to vote the proxies. However, the voting and how you vote the proxies is solely your decision.

Item 18 - FINANCIAL INFORMATION

- A. Paradigm Strategies will not require you to prepay more than \$1,200 and six or more months in advance of receiving the advisory service.
- B. As stated above, Paradigm Strategies has discretionary authority over client accounts; however that authority does not extend to the withdrawal of any client assets, with the exception of deduction of Paradigm Strategies' advisory fees from your accounts. We are financially stable. There is no financial condition that is likely to impair our ability to meet our contract actual commitment to you or any other client.
- C. Neither Paradigm Strategies nor any of its Advisory Representatives has ever been the subject of a bankruptcy petition.

Item 19 - REQUIREMENTS FOR STATE REGISTERED ADVISERS

This section is not applicable to Paradigm Strategies. Paradigm Strategies is not state registered. Paradigm Strategies is registered with the Securities and Exchange Commission.