

Part 2A of Form ADV: Firm Brochure

Paradigm Capital Management, LLC

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This brochure provides information about the qualifications and business practices of Paradigm Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 775-829-8787 or paradigmcm@callatg.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 Capital Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 120805.

Item 2 Material Changes

There have been no material changes since the last filing of this Form ADV Part 2A on February 24, 2012.

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Item 4 Advisory Business

Bruce Harvey is the owner /managing member and portfolio manager of Paradigm Capital Management, LLC. I am responsible for creating investment portfolios for clients and monitoring them on a daily basis.

Paradigm Capital Management is a small boutique investment firm by design allowing the client to deal directly with the person who is making the final investment decisions for their account(s). While there is support staff to help me perform research and administrative functions I am always available to meet or answer client's questions.

INDIVIDUAL PORTFOLIO MANAGEMENT

I manage all advisory accounts on a discretionary basis. Account supervision is guided by your stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

You may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Once your portfolio has been established, I review the portfolio as warranted by market conditions but at least once per quarter, and if necessary, rebalance the portfolio on an annual basis, based on your individual needs and the vagaries of the market.

Since some types of investments involve certain additional degrees of risk, they will only be used when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

Assets are held with a third party custodian like Vanguard or Charles Schwab and Company, Inc. I do not take custody of your funds or assets. You retain complete control of your account(s). I have a limited power of attorney that authorizes me to make trades on your behalf. The types of securities I use for my clients are primarily common stocks traded on major market exchanges as well as U.S. government, municipal, and corporate bonds, money market funds and exchange traded funds (ETFs). In some cases I may use no-load mutual funds.

While I look at outside research reports and data, all investment decisions are based on in house analysis using a number of on-line data sources. I use primarily fundamental and statistical analysis but also look at technical factors including charts to support buys or sells. Client portfolios are not necessarily diversified. I try to minimize risk by spending considerable time researching and

analyzing each investment. This enables me to take concentrated positions in an industry or company that I have determined has good total return potential.

I do not provide financial planning services, tax or estate planning, or insurance products.

Clients receive a monthly statement from the custodian of their assets and a quarterly report from me showing the account value, cost basis, unrealized gains and losses, and account performance net of fees.

While each portfolio is designed to meet the client's specific investment goals, capital preservation is a high priority. Each portfolio is designed to minimize the downside impact that can occur when a market is declining. Given the vagaries of the markets I make no guarantees, promises, representations or warranties that my services will produce profits or prevent losses.

I have a \$500,000 account size minimum with smaller accounts sometimes taken on a case-by-case basis. The minimum account size may be achieved by aggregating multiple family accounts. As of February 21, 2012, I have approximately \$50 million under management. There are no up-front fees or termination fees.

Item 5 Fees and Compensation

Paradigm Capital Management is a fee-only investment advisor. I work for only my clients and no one else. I do not receive any other type of compensation from a third party for recommending an investment or proprietary product. The annualized fee for Portfolio Management Services is charged as a percentage of assets under management and billed on a quarterly basis, according to the following schedule:

Assets Under Management	Annual Fee
\$500,000 to \$1 Million	1.00% annually
\$1 Million - \$5 Million	.75% annually
\$5 Million and above	Negotiable

My advisory fee is based on your portfolio(s) value at the end of each calendar quarter adjusted for all cash inflows and outflows. Your quarterly management fee is paid quarterly in arrears and is usually debited within a week or two after the end of each calendar quarter (Mar, Jun, Sep, Dec), after services have been provided. Your quarterly management fee will be pro-rated based on only the days you are a client for a portion of a quarter. At the option of the client, the client may be sent a bill and fees may be paid directly by the client or I can invoice the custodian so the fee is paid directly from the client's account.

Although I have established the aforementioned fee schedule, I retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets, to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

Grandfathering of Minimum Account Requirements:

Pre-existing advisory clients are subject to Paradigm Capital Management's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, my firm's minimum account requirements may differ among clients.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of 10 days written notice. Because all fees are paid in arrears, no refund will be to clients.

Additional Fees and Expenses:

Some of the securities I buy and sell have embedded management fees or expense ratios. Such securities include Exchange Traded Funds (ETFs), Closed End Funds (CEFs), and open end no-load mutual funds.

In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s).

Advisory Fees in General: Clients should note that similar advisory services may or may not be available from other registered or unregistered investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$500, six months or more in advance of services rendered.

Item 6 Performance-Based Fees and Side-By-Side Management

Paradigm Capital Management does not charge performance based fees.

Item 7 Types of Clients

My clients are primarily individuals. I also manage and accept small business retirement accounts. I am an active portfolio manager when market conditions warrant. I am not a day trader or a buy and hold forever manager. If market conditions warrant I will not hesitate to take profits or exit the market to preserve my clients' principal and be patient to get back in at more reasonable prices. I will generally continue to hold an individual position as long as the underlying fundamentals remain favorable, even if the short-term trend may be unfavorable. However, with the advent of readily available market information, it has become common for the markets to experience increased volatility. This is likely to continue for the foreseeable future.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly managed or financially unsound company may underperform regardless of market movement.

Qualitative Analysis. We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk in using qualitative analysis is that my subjective judgment may prove incorrect.

Asset Allocation. Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Mutual Fund and/or ETF Analysis. We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as I do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when: we believe the securities to be currently undervalued, and/or we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, I may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases. Depending upon market conditions we may also use a short-term purchase strategy. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

Item 9 Disciplinary Information

I am required to disclose any legal or disciplinary actions that are material to a current or prospective client's evaluation of my advisory business or integrity of my management. I have been doing business under the same name since 1996 and have never had any disciplinary action taken against the firm, me, or anyone associated with the firm.

Item 10 Other Financial Industry Activities and Affiliations

You should be aware that the receipt of additional compensation by me or my employees would create a conflict of interest that could impair the objectivity of the firm when making advisory recommendations. Therefore, I nor any of my employees have affiliations with any other investment or financial entities. The only business association we have is with you the client and the two custodians, Charles Schwab and Company, Inc. – Institutional Service Group and The Vanguard Group) who custody our client's assets.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

My firm has adopted a Code of Ethics that sets forth high ethical standards of business conduct for me and my employees, including compliance with state and federal security laws.

My employees and I owe each client a duty of loyalty, fairness, and good faith in all our dealings with you. This means we will never do anything that puts our interests first or do anything that benefits me or my employees more than you. My objective is to invest your money the same way I invest for my own accounts. This means we may own some of the same investments.

I buy and sell various investments in large block trades and then allocate the shares to those clients that the investment is appropriate for. As a matter of policy I allocate the investment to my employees and my own accounts last. By using block trades all clients receive the same price for the trade. All allocations to a client's account are made with respect to each client's financial goal, risk tolerance and available cash.

I nor any of my employees ever take custody or possession of your portfolios holdings. My only authority is the limited power of attorney that you grant me to direct the custodian as to the investments that I want to buy or sell for your account(s) and to bill for management fees. You are always in full control of your account and I do not accept disbursement authority over any of the client's accounts.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by any of the firm's access persons. Our code also provides for oversight, monitoring and recordkeeping provisions.

The Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by mail or by calling us at 775-829-8787.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with the firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients.

I aggregate our employee trades with client transactions where possible in order to be compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis.

As these situations represent actual or potential conflicts of interest to our clients, I have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.

3. It is the expressed policy of our firm that no person employed by me may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by me as Chief Compliance Officer.
5. I have established procedures for the maintenance of all required books and records.
6. My employees and I must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
7. I require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
8. I have established policies requiring the reporting of Code of Ethics violations to me.
9. Any individual who violates any of the above restrictions may be subject to termination and possible legal action.

Item 12 Brokerage Practices

A client may select any custodian or brokerage firm they like or prefer. However, if you do not prefer to select your own custodian, I may encourage you to establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of your assets and to effect trades for your account. Although I may recommend that clients establish accounts at Schwab, it is your decision to custody assets with Schwab. Paradigm Capital Management, LLC is independently owned and operated and not affiliated with Schwab. Neither I, nor any employee at the firm, receives any compensation or remuneration for using Charles Schwab and Company, Inc. However, I reserve the right to not accept an account from certain custodians on the basis of principle or because of technical incompatibilities. Schwab provides Paradigm Capital Management, LLC with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to the firm other products and services that benefit Paradigm Capital Management, LLC but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that

- i. provide access to client account data (such as trade confirmations and account statements);
- ii. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- iii. provide research, pricing and other market data;
- iv. facilitate payment of our fees from clients' accounts; and
- v. assist with back-office functions, recordkeeping and client reporting.

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

- i. compliance, legal and business consulting;
- ii. publications and conferences on practice management and business succession; and
- iii. access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Paradigm Capital Management, LLC. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the

total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Item 13 Review of Accounts

Portfolio Management Services

REVIEWS: While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by me as portfolio manager.

REPORTS: In addition to the monthly statements and confirmations of transactions that you will receive from your broker, Paradigm Capital Management, LLC will provide you with a quarterly report summarizing account performance, cost basis, unrealized gains and losses, balances and holdings.

Item 14 Client Referrals and Other Compensation

I do not engage solicitors or to pay any other party for referring potential clients to the firm.

I do not to accept any form of compensation, including cash, sales awards or other prizes, from a third party in conjunction with the advisory services I provide to my clients.

Item 15 Custody

I previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that the firm directly debits advisory fees from client accounts.

As part of this billing process, your custodian is advised of the amount of the fee to be deducted from your account. On at least a quarterly basis, the custodian is required to send you a statement showing all transactions within the account during the reporting period.

Since the custodian does not calculate the amount of the fee to be deducted, it is important for you to carefully review your custodial statements from your broker to verify the accuracy of the calculation. You should contact me directly if you believe that there may be an error in your statement.

In addition to the periodic statements that you will receive directly from your custodian, I will also send account statements directly to you on a quarterly basis. I urge you to carefully compare the

information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

My firm does not have actual or constructive custody of your accounts. You always maintain control and disbursement authority over your account. My authority is limited to making trades on your behalf and billing you for management fees.

Item 16 Investment Discretion

You may hire me to provide discretionary asset management services, in which case I place trades in your account without contacting you prior to each trade to obtain your permission.

My discretionary authority includes the ability to do the following without contacting you: determine the security to buy or sell; and/or determine the amount of the security to buy or sell.

You give me discretionary authority when you sign a discretionary agreement with the firm, and may limit this authority by giving me written instructions. You may also change or amend such limitations by once again providing me with written instructions.

Item 17 Voting Client Securities

I vote proxies for those client accounts for which I am given the authority; however, you always have the right to vote proxies yourself. You can exercise this right by instructing me in writing to not vote proxies in your account.

I will vote proxies in the best interests of my clients and in accordance with our established policies and procedures. The firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If the firm has a conflict of interest in voting a particular action, we will notify you of the conflict and request that you vote your own proxy.

You may obtain a copy of our complete proxy voting policies and procedures by contacting me by telephone or in writing. You may request, in writing, information on how proxies for shares were voted.

You can instruct me to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. You can also instruct me on how to cast your vote in a particular proxy contest by contacting me in writing at our business address.

Item 18 Financial Information

Under no circumstances do I require or solicit payment of fees in advance of services rendered. Therefore, I am not required to include a financial statement.

As an advisory firm that maintains discretionary authority for my client accounts, I am also required to disclose any financial condition that is likely to impair the firm's ability to meet our contractual obligations. Paradigm Capital Management, LLC has no additional financial circumstances to report that would impair its ability to meet its contractual obligations.

Paradigm Capital Management, LLC has not been the subject of a bankruptcy petition at any time since its inception in 1996. I personally have never been the subject of a bankruptcy petition either.

Item 19 Requirements for State-Registered Advisers

Information regarding my formal education and business background is provided in the Brochure Supplement.

I am also are required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory or administrative proceedings in which the firm or I were found liable or against whom an award was granted. Neither the firm nor I have ever been disciplined for a violation.

As previously disclosed in "Other Financial Industry Activities and Affiliations" (Item 10), neither I or the firm have a relationship or arrangement with any issuer of securities.

Appendix 1: Wrap Fee Program Brochure

I do not sponsor a Wrap Fee program.

Part 2B Brochure Supplement

Date of Supplement March 25, 2011

The following information is to assist clients in evaluating the Advisor.

Investment Advisor:	Bruce D. Harvey
Business Name:	Paradigm Capital Management, LLC
Business Address:	6170 Ridgeview Ct., Suite F, Reno, NV 89519
Business Phone:	(775) 829-8787
Born:	December 29, 1953
Education:	Bachelors of Science - Applied Economics University of Nevada Masters of Science - Applied Economics (Fellowship) University of Nevada
Business Background:	Owner - Paradigm Capital Mangement, LLC since 1996 Chief Investment Officer since 1996 Chief Compliance Officer since 1996 1984 - 1995 Financial analyst, manager, and director for several major corporations
Disciplinary Actions:	None
Other Business Activities:	None
Additional Compensation:	None
Supervision:	As a one-person investment advisory firm, Mr. Harvey is responsible for his own supervision. Paradigm Capital Management, LLC has adopted a Compliance Manual and Code of Ethics that provides supervisory guidance.

Requirement for
State-Registered Advisers:

No additional disclosures.