



## Form ADV Part 3 - Form CRS Customer Relationship Summary

June 30, 2020

### INTRODUCTION

Paradigm Capital Management, Inc. is registered with the Securities and Exchange Commission as an Investment Adviser. Investment advisory and brokerage services and fees differ and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at [www.investor.gov/CRS](http://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

### WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

Our firm offers investment advisory services to retail investors. We will offer you a variety of investment strategies and you will be asked to select the strategy most appropriate for your investment needs and goals. You can ask us to make certain modifications to the investment strategy you select.

We will make ourselves available to discuss your questions, investment goals and assist you in selecting a strategy for your investments. As part of our standard advisory services, we monitor client accounts at least monthly. You can contact us (by phone or e-mail) to discuss your portfolio.

We will ask you to grant us discretionary authority over your account. This provides us with the authority to select the securities to be bought or sold for your advisory account, the amount of securities to be bought or sold in your account, the broker or dealer to be used for purchase or sale of securities for your account, and the commission rates to be paid to a broker or dealer for those securities transactions. You can request to place limits on the discretionary authority that we ask you to grant us. We will maintain discretionary authority for your account until you notify us in writing to terminate the agreement.

We may require that you open your account with a minimum investment or maintain a minimum balance in your account. Account minimums for all services are negotiable based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, competitive considerations, etc.).

**Additional Information.** For additional information, please see our Form ADV, Part 2A (Brochure), specifically Items 4 and 7. This can be found at <https://adviserinfo.sec.gov/firm/summary/107982>.

*Questions to ask us: Given my financial situation, should I choose an investment advisory service? Why or why not? How will you choose investments to recommend to me? What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?*

### WHAT FEES WILL I PAY?

Typically, we charge a 1.0% annual **advisory fee** based on the average value of the investments in your account, including cash. Advisory fees are debited directly from your account and are calculated through the last day of each quarter and paid in arrears within 30 days after the last business day of each quarter. Advisory fees are negotiable and may vary depending on the services you receive or the amount of assets you invest with us. The amount of assets in your account affects our advisory fee. The more assets you have in your advisory account, including cash, the more you will pay in fees. Therefore, we have an incentive to increase the assets in our account to increase our fees. In addition, you will be charged for **brokerage and other transaction costs** imposed by broker-dealers which effect transactions for your account(s). You may also be responsible for certain non-recurring **custodian fees or charges** (i.e.: wire transfer fee) which are subject to an agreement between you and the custodian that you select.

**Additional Information.** You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand the fees and costs that you are paying. For more detailed information about our fees and costs, please see our Form ADV Part 2A, specifically Item 5, which can be found at <https://adviserinfo.sec.gov/firm/summary/107982>.

**WHAT ARE YOUR LEGAL OBLIGATIONS TO ME WHEN ACTING AS MY INVESTMENT ADVISER? HOW ELSE DOES YOUR FIRM MAKE MONEY AND WHAT CONFLICTS OF INTEREST DO YOU HAVE?**

*When we act as your investment adviser*, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means:

- We could increase our compensation by arranging your securities transactions through CL King & Associates, Inc., a broker dealer affiliated with Paradigm.
- We could recommend that you invest your funds in proprietary products such as mutual funds or private funds which are managed by your advisor or someone related to our firm. These mutual or private funds are maintained in account(s) separate from your managed account and could be charged additional fees.

*Questions to ask us: How might your conflicts of interest affect me, and how will you address them?*

**Additional Information.** For additional information, please see our Form ADV, Part 2A, Items 6, 10, 11, 12 and 14 which can be found at <https://adviserinfo.sec.gov/firm/summary/107982>.

**HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?**

Financial professionals servicing managed accounts receive a base salary and additional compensation based on the total amount of client assets that they manage. In addition, certain representatives have an ownership interest in the firm, and they receive a percentage of the profits of the firm. We and our financial professionals benefit from the advisory services we provide to you because of the advisory fees we receive from you. We also benefit when certain securities transactions for your account are executed through CL King & Associates, Inc., a broker-dealer affiliated with Paradigm.

*Questions to ask us: Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me? How might your conflicts of interest affect me, and how will you address them?*

**DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?**

Yes. Visit [www.investor.gov/CRS](http://www.investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

*Questions to ask us: As a financial professional, do you have any disciplinary history? For what type of conduct?*

**ADDITIONAL INFORMATION**

To obtain additional information about our investment advisory services or to request a copy of our Client Relationship Summary, please visit our website at [www.paradigmcapital.com](http://www.paradigmcapital.com) or contact us at by telephone at (518) 431-3500.

*Questions to ask us: Who is my primary contact person? Who can I talk to if I have concerns about how this person is treating me?*